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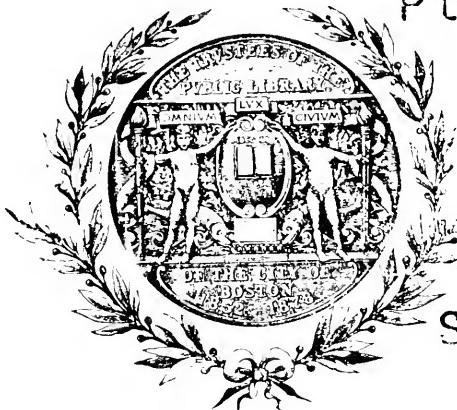
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UNITED STATES TARIFF COMMISSION

THE FOREIGN TRADE OF LATIN AMERICA

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In three Parts

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Part II

COMMERCIAL POLICIES AND TRADE RELATIONS
OF
INDIVIDUAL LATIN AMERICAN COUNTRIES

SECTION 18. - CUBA

Washington

1940



THE AMERICAS



UNITED STATES TARIFF COMMISSION

THE FOREIGN TRADE OF LATIN AMERICA

A report on the Trade of Latin America
with Special Reference to Trade
with the United States

Under the General Provisions of Section 332
Part II, Title III, Tariff Act of 1930

In three Parts

PART II

COMMERCIAL POLICIES AND TRADE RELATIONS OF
INDIVIDUAL LATIN AMERICAN COUNTRIES

SECTION 18. - CUBA

Washington
1940

UNITED STATES TARIFF COMMISSION

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Washington, D. C.

ACKNOWLEDGMENT

The Tariff Commission makes grateful acknowledgment of the assistance received in the preparation of this report from the Pan American Union, and the Department of Commerce, especially the Division of Regional Information, and the Division of Finance which prepared the tables on balance of payments.

In the preparation of this report the Commission had the services of Allyn C. Loosley, Philip Mullenbach, and Frank A. Waring, and others of the Commission's staff. The statistics were compiled by the Statistical Division of the Commission, and the commodity summaries in part III were prepared by the Commodity Divisions.

FOREWORD

This analysis of the commercial policies of Cuba and its trade relations with the world and with the United States, 1929-38, is one of a series making up part II of a report by the United States Tariff Commission on the Foreign Trade of Latin America. Part I deals with the trade of Latin America as a whole, part II with the trade of individual Latin American countries, and part III with Latin American export commodities. Part I contains a short description of the Latin American area, a consideration of the commercial policies of the Latin American countries, an examination of the total trade of Latin America with the world and with the United States, and an analysis of special problems in the foreign trade of Latin America, including those arising out of the present European war. Part II, consisting of 20 sections, is a survey of the commercial policy and the foreign trade of each of the 20 Latin American republics, with special emphasis on the trend, composition, and destination of exports, and the trend, composition, and source of imports. Each section also contains an analysis of the trade of the United States with the particular country. Part III deals individually with approximately 30 selected Latin American export commodities, for each of which there is a discussion of production, exports, trade barriers, prices, and competitive conditions, and the effects of the European war.

The countries covered in part II of this report are as follows:

Section 1. - Argentina

- do. 2. - Bolivia
- do. 3. - Brazil
- do. 4. - Chile
- do. 5. - Colombia
- do. 6. - Ecuador
- do. 7. - Paraguay
- do. 8. - Peru
- do. 9. - Uruguay
- do. 10. - Venezuela
- do. 11. - Costa Rica
- do. 12. - El Salvador
- do. 13. - Guatemala
- do. 14. - Honduras
- do. 15. - Nicaragua
- do. 16. - Panama
- do. 17. - Mexico
- do. 18. - Cuba
- do. 19. - Dominican Republic
- do. 20. - Haiti

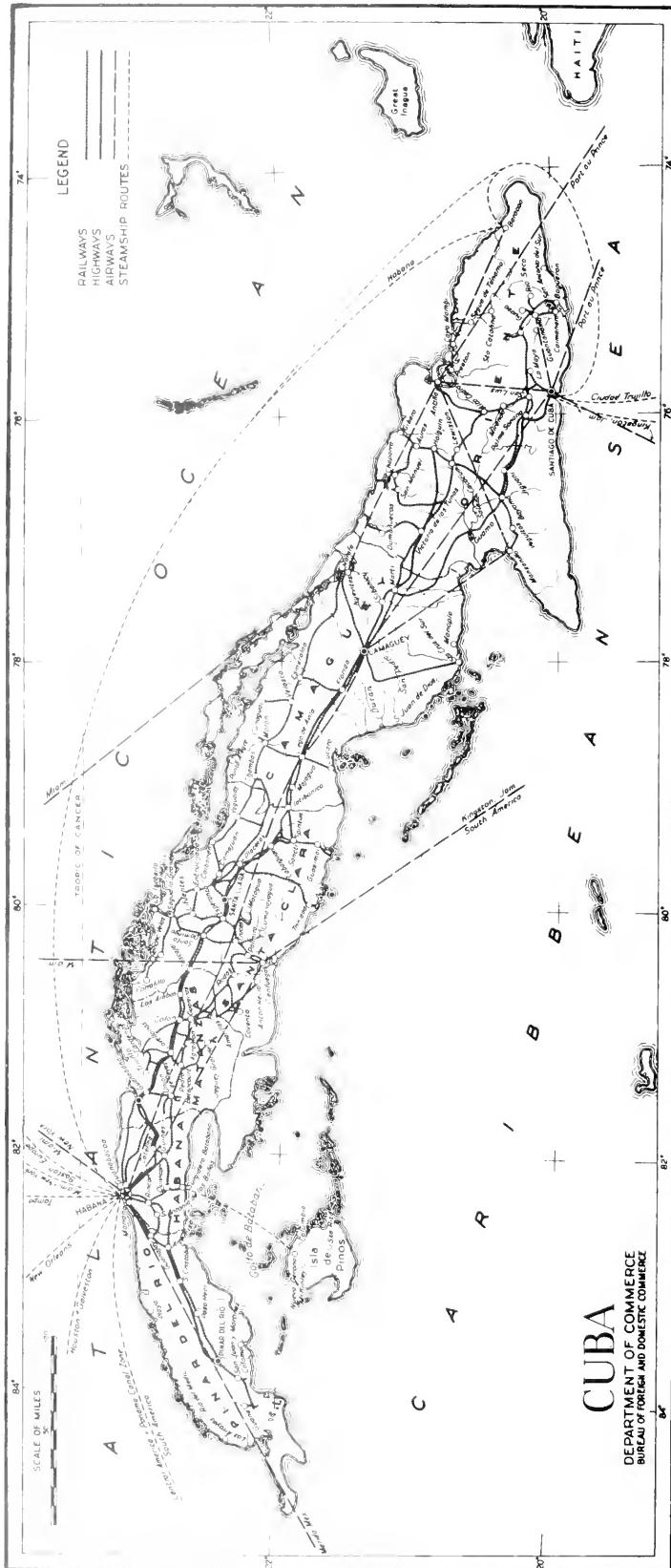
CONTENTS

PART II

COMMERCIAL POLICIES AND TRADE RELATIONS OF INDIVIDUAL
LATIN AMERICAN COUNTRIES

SECTION 18. - CUBA

	<u>Page</u>
Cuba - a description	1
Physical characteristics	1
Population	2
Natural resources and economy	3
Agriculture	3
Pastoral, forest, and water industries	8
Mining	9
Manufacturing	11
The Three-Year Plan	12
Foreign investments in Cuba	13
The foreign trade of Cuba	17
Cuban commercial policy	18
The tariff	18
Nontariff trade controls	24
Exchange control	25
Commercial treaties and agreements	26
Trend of the trade	29
Exports	29
Imports	35
Exports from Cuba	36
Composition	36
Destination	39
Imports into Cuba	46
Composition	46
Sources	48
United States trade with Cuba	51
Trend of United States-Cuban trade	54
United States imports from Cuba	58
Composition	58
Imports of sugar	59
Other imports	63
United States commercial policy and imports from Cuba	65
Cuba's preferential tariff position	65
Tariff on sugar	66
Position of Cuban sugar under the quota system	70
Sugar prices and the quota system	73
Tariff status of tobacco	75
United States exports to Cuba	76
Balance of payments between the United States and Cuba	80



SECTION 18. - CUBA

Cuba - A Description

Physical characteristics.

The Republic of Cuba^{1/} occupies the Island of Cuba, the largest of the West Indies group, the adjacent Isle of Pines, and other smaller islands. Only 90 miles from Key West, Florida, at its nearest point, the Island of Cuba stretches 750 miles from east to west. It has an average width of 60 miles, and a maximum width of 160 miles. The coast line exceeds 2,000 miles. Cuba's area - about 44,000 square miles - is roughly equivalent to that of Pennsylvania.

Several irregular mountain ranges cross Cuba, forming a number of fertile plateaus and valleys. About one-half of the Island is either flat or rolling; the remainder is hilly and mountainous, with the highest elevation about 8,400 feet.

Cuba has excellent harbors, the most important of which are Habana, Cienfuegos, and Santiago de Cuba. The rivers are generally too short and too rapid for navigation.

The climate of Cuba is semitropical. Because of the prevailing winds, its insular position, and the fact that the axis of the Island extends east and west rather than north and south, the climate is moderate and uniform. Temperatures at the eastern end of the Island are slightly higher than in the west. There are two distinct

^{1/} In Spanish, Republica de Cuba.

seasons - the warm rainy season from May to October, and the cool dry season from November to April. The rainfall averages from 45 to 50 inches annually in the coastal regions, and about 60 inches annually in the interior.

Population.

According to the census of 1931, the population of Cuba was 3,962,000. An official estimate for 1938 placed the number of inhabitants at 4,215,000. On the basis of this estimate, there were about 95 persons per square mile, more than in any other Latin American country except El Salvador and Haiti. In 1938, however, approximately 25 percent of the population was concentrated in the Province of Habana, which accounts for only 7 percent of the Cuban area.

The principal cities of Cuba, with their estimated population in 1938, are Habana, the capital and chief commercial city, 569,000; Holguin, 141,000; Camaguey, 138,000; Santiago de Cuba, 107,000; Santa Clara, 100,000; Cienfuegos, 92,000; Sancti Spiritus, 92,000; Matanzas, 73,000; Guantánamo, 68,000; Manzanillo, 66,000; and Pinar del Rio, 65,000.

The people of Cuba are for the most part descendants of Spanish colonial settlers and more recent European immigrants, but there are many Negroes and persons of mixed race along the coasts and in certain of the provinces.

Cuba has received the major portion of the immigration in the West Indian area. The largest number of immigrants entering in any

one year arrived in 1920, when 174,221 persons were admitted. By 1930 entries had declined to 12,219. A large part of the decline after 1924 may be attributed to the fact that the entry of Jamaican and Haitian laborers for seasonal work in the sugar cane fields was prohibited.

Natural resources and economy.

Agriculture. - The outstanding characteristic of the Cuban economy is its dependence upon sugar and tobacco and their products. In the decade 1929-38, approximately nine-tenths of all Cuban exports, in terms of value, were included in these two groups. Sugar and other derivatives of sugar cane alone accounted for from three-fourths to four-fifths of the value of all exports during the decade. In recent years, however, considerable diversification of agriculture has taken place.

Cuba is the outstanding Latin American producer and exporter of sugar, furnishing more than one-half of total Latin American production, and about three-fourths of all Latin American exports. Cuba supplies only about one-tenth of the world production of sugar, but accounts for nearly one-fourth of the sugar entering international trade. Cuban production in 1928-29 amounted to 5.8 million short tons. In the 3 years 1935-36 to 1937-38 it averaged 3.2 million short tons annually.

Cuba leads in the production and export of blackstrap molasses, a byproduct obtained in the manufacture of sugar. About 85 percent

of total Latin American exports of this product comes from Cuba, exports from which in the 3 years 1936-38 averaged more than 163 million gallons annually. During recent years Cuba, in addition to its production of blackstrap molasses, has also produced large quantities of so-called "high-test" molasses. This is a partially inverted sirup from which no sugar has been extracted; it is produced from surplus cane. This molasses moves through the same trade channels as blackstrap, and is utilized in part for the same purposes (principally the production of alcohol).

Exports of sugar and sugar products are the determining factors in the trend of the Cuban economy. Any rise or decline in the value of exports of sugar (whether resulting from changes in quantity or in price) is directly reflected in the Cuban import trade, as well as in internal economic conditions. The state of the Cuban sugar market is determined in part by the world market for sugar,^{1/} but more especially by the sugar policy of the United States. In terms of value this country customarily takes two-thirds or more of

1/ In order to stabilize the production and international market-
ing of sugar, the major sugar exporting and importing countries con-
cluded an international sugar agreement at London on May 6, 1937.
Under the terms of this agreement, the major exporting countries
agreed to limit for a period of 5 years their exports of sugar to
the so-called "free market", a term used to designate the limited
international trade in sugar which does not enjoy preferential
treatment. The principal importing countries also agreed not to
adopt measures which would reduce the free market for sugar.

total Cuban exports of sugar, as well as about nine-tenths of all exports of blackstrap molasses.^{1/}

Tobacco is the second important article of Cuban production and export. Cuba ranks second, in terms of quantity, among the many Latin American producers of tobacco, being exceeded only by Brazil. Production averaged nearly 51 million pounds annually in the 3 crop years 1936-37 to 1938-39. Cuban tobacco enjoys a unique reputation; for many years Cuba has been famous as a center of production of fine cigar tobaccos and of fine cigars. By far the larger part of its production of tobacco and cigars is exported, so that prosperity in the Cuban tobacco industry is directly affected by conditions in export markets, especially in the United States.^{2/} The choicest Cuban tobacco is grown principally in the famous Vuelta-Abajo district, in the Province of Pinar del Rio.

^{1/} Since 1934 the marketing of sugar in continental United States has been limited by law (except for the period September 12 to December 31, 1939). The Secretary of Agriculture under this authority designates at the beginning of the year the maximum quantity to be marketed, subject to revision during the year. The estimated consumption is apportioned to the supplying areas in accordance with a formula set forth in the statute. The continental producing areas, the domestic offshore areas (Hawaii, Puerto Rico, the Virgin Islands, and the Philippines), Cuba, and each of the other regular foreign supplying countries are assigned definite pro rata shares of the total designated supply. Of the total United States consumption of sugar, under the quota program, Cuba supplies about 29 percent. The quota provisions of the Sugar Act of 1937 were scheduled to expire on December 31, 1940, but were extended for 1 year by an act of Congress, approved October 10, 1940.

^{2/} See the section on manufacturing.

In recent years the Cuban tobacco industry has suffered severely because of various circumstances that have restricted its export trade. The value of exports of tobacco and tobacco products fell from more than 40 million dollars in 1929 to 14 million dollars in 1938. The mechanization of the United States cigar industry, and the sharp decline in the consumption of higher-priced cigars containing large proportions of Havana leaf, were among the chief factors in the loss of Cuban trade in leaf tobacco. The Spanish market for Cuban cigar leaf tobacco, customarily second only to the United States, was seriously curtailed by the civil war in Spain. The Cuban trade in cigars was damaged by adverse economic conditions and various trade restrictions in Europe, as well as by the increasing competition of the cigarette throughout the world. Following labor troubles in Habana, important cigar factories owned by United States interests were closed, and in 1932 a factory was built in New Jersey for the manufacture of Havana cigars. Thereafter, Cuban exports of cigars to the United States declined. This was the second migration of a part of the Cuban tobacco industry to the United States. Much earlier, under the encouragement of the high United States duty on cigars, a clear-Havana cigar industry, with Cuban workers, had been established in Key West and Tampa, Florida.

Fruits and vegetables, next in commercial importance to tobacco, are grown in Cuba for the domestic and the United States markets. The principal fruits exported are bananas, pineapples, avocados, and grapefruit. Exports of vegetables, chiefly from the Provinces of

Habana and Pinar del Rio (at the western end of the Island), include, in the order of their importance, tomatoes, eggplant, potatoes, green peppers, lima beans, cucumbers, okra, squash, and string beans. Tomatoes alone account for approximately one-half of total exports of vegetables.

Other Cuban agricultural products include henequen, coffee, cacao, rice, honey, beeswax, and cotton. Production of henequen (a fiber used in the manufacture of rope, wrapping twine, and binder twine) is estimated to have been 33 million pounds annually in the 3 years 1936-38. Exports in the same period ranged between 13 million and 23 million pounds and went largely to the United States.

Production of coffee, once an important crop (especially in the eastern half of the Island), fell off greatly, but has recently been given considerable attention, and Cuba now produces an excess over domestic requirements. Production in 1937 and 1938 averaged 15 million pounds annually, as compared with less than one-half million pounds in 1929.

Cacao is grown in the Provinces of Oriente and Santa Clara, but production is small. Some rice is grown in Cuba, but production provides less than one-tenth of domestic requirements. The abundance of flowers throughout the year supports large numbers of bees. In 1938 exports of honey totaled 13 million pounds while those of beeswax amounted to 638 thousand pounds.

Cuban agriculture has become more diversified as a result of higher tariff duties after 1927, the policies of the Government after 1930, and the Three-Year Plan of 1937. Cuba is now self-sufficient in a number of agricultural products which formerly were imported in substantial quantities. In addition to coffee, these include corn, beef, eggs, and dairy products.^{1/}

Pastoral, forest, and water industries. - An equable climate, adequate pasture lands, and absence of pests make large parts of Cuba suitable for stock raising. For many years cattle raising was one of Cuba's most important industries. According to the census of 1931 there were nearly 3 million cattle, nearly 1 million hogs, and 101 thousand sheep in the country. Pastoral products are consumed largely in the domestic market. Total exports of such products in 1938 were valued at 2.8 million dollars, of which 1.6 million dollars were accounted for by raw hides and skins. Small quantities of chilled beef, butter, and other animal products also are exported.

Forests cover about one-sixth of the Cuban area. Among the more important types of wood are cedar, mahogany, ebony, lignum vitae, and majagua (a member of the linden family). Exports of lumber and timber in 1937 were valued at 427 thousand dollars, and in 1938 at 311 thousand dollars. The most important wood exported is mahogany; in 1938, 125 thousand cubic feet, valued at 161 thousand

^{1/} For a further discussion of agricultural diversification, see the section on the Three-Year Plan.

dollars, were shipped abroad. Cedar is utilized principally in the manufacture of cigar boxes and pencils.

Sponges constitute a source of considerable wealth to Cuba, the gathering of sponges being an industry of importance on the southern coast of the Province of Habana and on the adjacent Isle of Pines. Exports of sponges in 1938 amounted to 712 thousand pounds, valued at 597 thousand dollars. Turtle shell and mother-of-pearl are also exported. Other fishery products are of limited importance and are consumed locally.

Mining. - Although Cuba is primarily an agricultural country, great attention has been given in recent years to the development of its mineral resources. From the standpoint of their present development, the most important minerals are manganese, copper, iron, chromium, and asphalt. A large number of other minerals, however, are found in Cuba; these include gold,^{1/} silver, mercury, zinc, lead, barium, antimony, sulphur, coal, asbestos, petroleum, and salt.

Cuba now ranks second among the Latin American countries, in terms of quantity, as a producer of manganese, being exceeded only by Brazil.^{2/} In terms of value, however, Cuba ranks first because of the high quality of its ore and the preferential treatment which is accorded Cuban manganese in the United States.^{3/} Production in

^{1/} The value of gold production in 1939 was estimated to be 105 thousand dollars.

^{2/} Brazilian production of manganese ore in 1938 amounted to 218 thousand long tons.

^{3/} Under a provision of the Commercial Convention signed by the United States and Cuba in 1902, and reaffirmed by the trade agreement of 1934, Cuban manganese enters the United States free of duty.

Cuba increased regularly from 1 thousand long tons in 1929 to 129 thousand long tons in 1937; in 1938 it was 122 thousand long tons. The increase in recent years resulted from the success of a new process for concentrating the ore. All exports of manganese are shipped to the United States.

Cuba ranks fourth among the Latin American countries as a producer of copper, although its output is much smaller than that of any of the three leading countries.^{1/} Annual production in the 3-year period 1936-38 averaged 13,800 short tons (copper content), practically all of which was exported to the United States.^{2/}

Cuba possesses iron ore reserves which are among the most extensive of Latin America. They are estimated to be 3,159 million long tons, or more than one-fourth of all those Latin American reserves the development of which is believed to be a commercial possibility under present conditions. The iron ore deposits of Cuba have been developed and mined by United States steel interests. Large tonnages of high-grade ore are located close to the seaboard, where they can be shipped to market by low-cost water transportation. Practically all of the Cuban ore is exported to plants along the eastern coast of the United States. Exports amounted to 74 thousand long tons in 1929. In 1936 they were 340 thousand long tons, and

^{1/} Chile, Mexico, and Peru.

^{2/} Imports of copper into the United States from Cuba in 1939 amounted to 5,831 short tons (copper content).

in 1937, 374 thousand long tons, but in 1938 declined to 98 thousand long tons.^{1/}

Manufacturing. - Cuban manufacturing industry produces a wide range of commodities, chiefly for direct consumption. The principal industries, however, are the processing of sugar cane and the manufacture of tobacco products.^{2/} Associated with the sugar industry is the manufacture of rum and industrial alcohol from molasses. The chief impetus to the development of other manufactures came with the decline in the sugar and tobacco industries after 1924.

In 1927 the Cuban tariff was revised, principally for the purpose of fostering domestic industries. Duties were increased on a number of products, including shoes, clothing, soap, perfumes, toilet preparations, beer, paints, and varnishes, and thereafter imports of such products declined. By 1930, as a result of the decline in Cuban purchasing power, the necessity of importing raw materials, the high cost of fuel, and the persistence of foreign competition in certain lines despite increased duties, it was decided to embark upon a broad plan for the diversification of agriculture and for the development of manufacturing industry. In 1937 a 3-year plan for the development of industry and agriculture was announced.

Cuban manufactures which are produced with domestic raw materials (in addition to sugar, molasses, alcohol, cigars, and

^{1/} Imports of iron ore (including manganiferous iron ore) into the United States from Cuba in 1939 were 269,866 long tons.

^{2/} See the section on agriculture.

cigarettes), include rope and twine, jerked beef, dairy products, canned fruits, rum, furniture, cement, brick, and tile. A much wider range of domestically produced commodities is manufactured from imported raw materials. These include soap, perfumes, toilet preparations, beer, mineral waters, condensed milk, paint, matches, cotton piece goods, clothing, hosiery, blankets, towels, knit goods, shoes, hats, paper, cardboard, ink, tin containers, glassware, and aluminum ware.

The Three-Year Plan. - Announcement of Cuba's Three-Year Plan was made in July 1937. Under the Government's program, the agricultural objectives of the plan included coordination of the sugar industry, distribution of Government lands to small farmers, agricultural education and experimentation, scientific breeding of cattle and hogs, establishment of a tariff-protected meat packing industry, encouragement of the vegetable oil industry by the planting of peanuts and soy beans, and the draining of swamps to produce land suitable for rice cultivation.

In the program for the diversification of agriculture, emphasis has been placed on truck farming, potato culture, corn production, the coffee industry, dairying, and the production of beef, pork, poultry, and vegetable oils.

On the industrial side, in addition to plans for a large number of small industries, attention has been given to the garment, shoe, and furniture industries, and to the production of construction

materials, including cement, fabricated steel, brick, mosaic floor tiles, and ornamental iron work. Special consideration has also been accorded those industries which utilize domestic materials, and which tend to stimulate agriculture expansion.^{1/}

Foreign investments in Cuba. - Foreign investments in Cuba consist largely of United States capital, much of which entered Cuba during and after the World War of 1914-18. United States direct investments in Cuba exceed those in any other country of Latin America, and Cuba ranks second among the countries of the world in total United States direct investments.^{2/} At the end of 1936 direct investments of United States capital in Cuba amounted to 666 million dollars, or 24 percent of all such investments in the 20 Latin American countries.^{3/}

In the order of their importance by industrial groups, United States direct investments in Cuba at the end of 1936 were distributed

^{1/} In addition to the agricultural and industrial objectives, the Three-Year Plan also provides for the reform of mining legislation, the revision of the taxation system, the organization of a national banking system, the revision of labor legislation, and the extension of social insurance, public education, and health and charity work.

^{2/} Canada ranks first. "Direct" investments are defined as all United States investments in those foreign corporations or enterprises which are controlled by a person or small group of persons (corporate or natural) domiciled in the United States, or in the management of which such person or group has an important voice.

^{3/} All statistics of United States direct investments are from the U.S. Department of Commerce, American Direct Investments in Foreign Countries - 1929, p. 18, and 1936, p. 12. Data for years subsequent to 1936 are not available. United States direct investments in the 20 Latin American countries at the end of 1936 amounted to 2,803 million dollars. In addition, about 44 million dollars was invested in the Guianas, and in British, French, and Dutch possessions in the West Indies.

as follows: Public utilities and transportation, 315 million dollars (47 percent of the total); agriculture, 265 million dollars (40 percent); manufacturing, 27 million dollars (4 percent); distribution, 15 million dollars (2 percent); mining and smelting, 15 million dollars (2 percent); petroleum, 6 million dollars (1 percent); and miscellaneous, 24 million dollars (4 percent). Sugar plantations and centrals, usually associated with foreign investments in Cuba, accounted for 240 million dollars or 36 percent of the total.

Total United States direct investments in Cuba at the end of 1936 were 253 million dollars less than in 1929. In 1929 the United States Department of Commerce estimated that such investments amounted to 919 million dollars, of which 544 million dollars was accounted for by investments in Cuban sugar, including 55 million dollars of preferred stock, and 125 million dollars of bonds, debentures, and notes. In the reorganization of the Cuban sugar industry between 1930 and 1936, preferred stock was reduced to 25 million dollars, and bonds to 55 million dollars. Other investments in agriculture did not change greatly between 1929 and 1936.

United States direct investments in Cuban public utilities and railroads increased from 215 million dollars in 1929 to 315 million dollars at the end of 1936. This increase cannot be accounted for except on the basis of a change in the method of valuation.^{1/} The

^{1/} According to the U. S. Department of Commerce, it is possible that the valuation employed in 1929 was too low, or that the one used in 1936 was too high, or both.

reduction in estimated United States direct investments in Cuban manufacturing enterprises from 45 million dollars in 1929 to 27 million dollars in 1936 occurred largely in the manufacture of tobacco products.

United States portfolio investments^{1/} in Cuba, as of January 1, 1932, were estimated to be 206 million dollars, as compared with 2,141 million dollars for the 20 Latin American countries combined.^{2/} At the end of 1935, the United States portfolio of Cuban securities was estimated at 115.2 million dollars. This compared with 1,675 million dollars for 18 of the 20 Latin American countries.^{3/}

Foreign investments in Cuba, other than those of United States nationals, for the most part represent British and Spanish holdings. British investments in Cuba in March 1940 (both direct and portfolio), quoted on the London Stock Exchange, amounted to 34.4 million pounds sterling (approximately 138.6 million dollars.)^{4/} About four-fifths of total British capital invested in Cuba is in railroads, about one-tenth in Government bonds, and the remainder in miscellaneous investments. Information as to Spanish investments in Cuba is not available. Retail commerce in Cuba, however, is largely controlled by the Spanish colony, which also owns much urban property. It was

^{1/} "Portfolio" investments are defined as equity and other security investments in foreign-controlled corporations, and investments in the security issues of foreign governments or subdivisions thereof.

^{2/} Max Winkler, American Foreign Investments in 1931, Foreign Policy Reports, vol. VII, no. 24, Feb. 3, 1932.

^{3/} The figures do not include Ecuador and Paraguay. Estimates are exclusive of repatriations and market purchases. Cleona Lewis, America's Stake in International Investments, The Brookings Institution, 1938, p. 655.

^{4/} South American Journal, March 30, 1940.

estimated that in the years prior to 1935 annual remittances to Spain by Spaniards in Cuba amounted to between 10 and 20 million dollars, and that the interest on Spanish capital invested in Cuba was about 3 million dollars per year.^{1/}

^{1/} Problems of the New Cuba: Report of the Commission on Cuban Affairs, Foreign Policy Association, 1935.

The Foreign Trade of Cuba

In 1938 Cuba ranked fifth in foreign trade among the countries of Latin America. In that year, with exports valued at 143 million dollars, Cuba furnished 8 percent of the value of all commodities exported from the 20 Latin American countries.^{1/} Imports amounted to 106 million dollars, and represented 7 percent of the value of all Latin American imports. Cuban exports customarily exceed imports. In the years 1936-38, the export balance ranged from 37 to 56 million dollars,^{2/} exports exceeding imports by 35 to 50 percent.

In proportion to its population, Cuba has a larger foreign trade than any other important country of the Western Hemisphere except Canada and Argentina. In 1937 Cuba's imports were equal to \$31.55 per capita and its exports to \$45.30, as compared with \$22.90 and \$25.10, respectively, for the United States. In proportion to national income, the disparity between Cuban foreign trade and that of the United States would be even more pronounced. The reason for Cuba's large foreign trade lies in the undiversified character of its products, arising out of specialization, its peculiar advantages in the production of sugar and certain types of tobacco for which there is a large demand, its preferential trade relations with the United States, and its proximity to large consuming centers.

^{1/} In trade statistics, the Cuban peso is equivalent to the U. S. dollar.

^{2/} Export values employed by Cuba are f.o.b. Cuban port, as declared by merchants and verified by the customs. Import values are f.o.b. port of embarkation in country of origin, as declared by merchants and verified by the customs.

Cuban commercial policy.

Since 1929 the foreign trade of Cuba has been influenced by the increased preferential treatment accorded by Cuba and the United States to each other's products, by the policy of the United States for sugar, by the Cuban policy of differential tariff treatment based on trade balances, by the Cuban policy of diversification of agriculture and industry, and by exchange regulations.

The tariff. - Since March 1935 the Cuban tariff, as applied to products of countries other than the United States, has been a three-column tariff consisting of maximum, minimum, and intermediate columns,
^{1/} applied chiefly on the basis of bilateral trade balances. A special or fourth column in the Cuban tariff applies only to products of the United States. This column, by virtue of the Commercial Convention of 1902 between Cuba and the United States, the trade agreement of August 24, 1934, and the supplementary agreement effective December 23,

^{1/} A few products are admitted at treaty rates lower than present minimum-column rates of duty. Such conventional concessions are not generalized by Cuba. Cuba has in force most-favored-nation treaties with Spain and France (Cuban concessions on United States trade being excluded from such commitments), which antedate the adoption of the new tariff system. Minimum-column tariff treatment, therefore, is extended to the products of these two countries regardless of the trade balance. By one other agreement only, that concluded with the United Kingdom February 19, 1937, is Cuba pledged to extend most-favored-nation tariff treatment (apart from the treatment accorded products from the United States), without limitation and without regard to the balance of trade.

1939, consists of rates all of which represent "exclusive and preferential reductions." They are arrived at by applying stipulated percentages of reduction, ranging from 20 to 60 percent, to the lowest rates of duty payable on like imports from any other country.^{1/}

Since 1903, products of the United States have received preferential treatment in Cuba (as have Cuban products in the United States); moreover, this treatment is recognized as an exception to the operation of the most-favored-nation clause. The statements below with respect to Cuban tariff policy and practice relate only to treatment of imports from countries other than the United States. In recent years the United States has supplied, in terms of value, between two-thirds and three-fourths of all Cuban imports.

The present Cuban tariff policy, involving differential tariff treatment on the basis of trade balances, became effective March 29, 1935. The so-called import control law^{2/} effected a complete change in Cuban tariff policy, although it utilized the then existing maximum and minimum tariff schedules. Prior to 1935 the minimum rates had been the ordinary Cuban tariff for imports from countries other than the United States, and the maximum rates had constituted a penalty schedule which had not in fact been applied.

^{1/} Accordingly, a number of United States products are entitled to preferential rates of duty based on conventional rates which are lower than existing minimum-column duties, and are bound against increase. The concessions provided for by the agreements with the United States are not subject to extension or generalization on the basis of most-favored-nation obligations to third countries, and the existing commercial treaties of Cuba with other countries make specific exception of the United States-Cuban reciprocity favors. A few products of the United States, which entered Cuba free of duty before the agreement of 1934 was concluded, are entitled to continued free entry, even though dutiable if imported from other countries.

^{2/} Enacted March 15, 1935.

Under the new policy, the minimum column ceased to have the character of a general tariff. Instead, the law provided that in the future the rates of the minimum tariff should apply only to the products of those countries the purchases of which from Cuba were equal to at least one-half the value of Cuban imports therefrom. The former maximum duties, which were double the minimum rates, were retained under the new name "maximum general tariff," and were made to apply to countries the purchases of which from Cuba were less than one-fourth of the value of their sales to Cuba. Intermediate rates, consisting of the minimum duties increased by one-fourth, were made applicable to countries imports of which from Cuba amounted to more than one-fourth but less than one-half of their exports to Cuba.

These provisions were to be applied in any given year on the basis of Cuba's trade with each foreign country in the preceding calendar ^{1/} year, as indicated by the official Cuban import and export statistics.

1/ For its first application, effective March 29, 1935, the use of 1933 trade figures was specified by the law. Under the first year's application, the Cuban minimum tariff rates were applied to the products of 24 countries, the intermediate rates applying in the case of 7 countries, and the maximum rates in the case of 22 specified countries and in addition to the products of those countries taking no exports from Cuba in 1933. Subsequently, certain countries specified for intermediate or maximum tariff treatment were transferred to the minimum or intermediate groups, as a result of commitments by which these countries obligated themselves to purchase Cuban products to the extent required for such improved tariff treatment. In a general way this experience has been repeated from year to year. The tariff treatment so determined continued to be applied, unless otherwise modified, until superseded each following year as a result of examination of trade statistics for the preceding calendar year. The effective dates of the Presidential decrees establishing such classifications of countries for tariff purposes are as follows: Feb. 29, 1936; March 31, 1937; April 11, 1938; April 4, 1939; and April 9, 1940.

The law further provided that the tariff changes it introduced should in no way modify the preferential treatment of products of the United States under the provisions of the trade agreement of August 24, 1934, or the most-favored-nation treatment pledged by treaty to France and Spain.

In order to provide the basis for the negotiation of commercial agreements, an amendment to the law of 1935 was adopted. This authorized the application, during any year, of the minimum-column duties to the products of countries obligating themselves to import Cuban products equal in value to at least 50 percent of their exports to Cuba during the same year. The amendment also provides that the application of the minimum tariff to any country may be withdrawn after July 1 of each year, if it appears unlikely that the country concerned will be able to fulfill its obligations to purchase Cuban products within the year. Furthermore, the termination of minimum tariff treatment is authorized if the foreign country benefited thereby adopts measures of any kind restricting the transfer of funds to Cuba.

A few raw materials and articles of prime necessity were excluded from the application of duties based on trade balances, and continue to pay the minimum duties. This special application of minimum duties to selected articles, regardless of country of origin, has been provided for by 6-month periods, the latest extension dating from August 2, 1940. Since April 1936, however, the Cuban Government has been authorized to impose surtaxes resulting in the equivalent of intermediate duties on these raw materials and articles of prime necessity,

if imported from countries with which the trade balance is notably unfavorable to Cuba. To date only rice from Thailand (Siam) has been made subject to such a surtax.

Because Cuba remains bound by most-favored-nation obligations in treaties with Spain and France, in force since 1927 and 1929, respectively, the provisions of the import control law for differential tariff treatment contingent upon the balance of trade have not been applied to these two countries, and their products generally have been assured minimum-column tariff treatment. The Cuban Government had previously denounced its most-favored-nation agreements with Japan and Portugal, to take effect only a few days after the new tariff policy went into operation. The most-favored-nation provision of the treaty of 1903 with Italy, requiring a year's notice, was denounced to expire January 5, 1936. Until early 1938, Cuba had no other most-favored-nation obligations.

Since 1938, Cuba has entered into most-favored-nation agreements with four countries. An agreement with Chile, effective January 13, 1938, limits the application of most-favored-nation tariff treatment by Cuba (and, therefore, of Cuban minimum-column rates) to specified articles of trade. Moreover, an agreement with Italy, in force since March 27, 1939, and one with Portugal (which became effective April 24, 1939, but was denounced by Cuba effective June 24, 1940), contained reservations making the continued application of most-favored-nation or minimum tariff treatment in Cuba conditioned upon purchases of Cuban products by Italy and Portugal, respectively, at a level of not

less than one-half the value of their imports into Cuba. Only in the commercial agreement with the United Kingdom, in force since September 10, 1938, has Cuba undertaken to grant most-favored-nation tariff treatment without limitation and without reference to the balance of trade provisions of the 1935 import control law.^{1/}

The import control law of March 1935 did not specifically authorize the Cuban Executive to amend tariff provisions and classifications, or to change the then existing tariff rates as such. On October 3, 1935, however, the Provisional Executive promulgated a decree-law authorizing the Executive to make whatever changes in the existing tariff and customs provisions that the Secretary of Finance might recommend, after a report had been made thereon by the Cuban Technical Tariff Commission which was recreated by that law. The Executive's control over changes in the tariff included the right to impose new rates of duty, to eliminate existing rates, and to create new classifications. These broad powers over the tariff, conferred upon the Provisional Executive, continue to have legal existence by virtue of a provision in the Constitutional Law of June 1935.^{2/}

The import control law of March 1935 reenacted the provisions of the Cuban tariff law for countervailing duties to offset foreign export subsidies, direct or indirect, and for measures of protection for Cuban

^{1/} In 1938 Cuban exports to the United Kingdom were valued at 19.6 million dollars, and imports from the United Kingdom at 4.5 million dollars.

^{2/} The provision stipulates that all laws, decree-laws, and decrees then in force are so to continue unless in conflict with that Constitution, and until specifically abolished or amended. A new Constitution was adopted by Cuba as of October 10, 1940. The discussion in this section refers to the status of these measures prior to that date.

industry or commerce against the various forms of foreign dumping. The new law also provided for additional duties in the form of surtaxes based on the rates in the maximum column. These surtaxes apply to articles the importation of which would cause grave injury to Cuban industry, agriculture, or commerce because of any considerable depreciation of the currency, excessively low wages, or other profound economic disturbances in the country of origin or shipment. These provisions have been applied against Japanese textiles of cotton, rayon, and silk.

Nontariff trade controls. - The Cuban practice of unequal treatment of like imports extends beyond the application of ordinary tariff rates. For example, two rates of consular charges generally apply on shipments of goods to Cuba, depending upon the country of origin. Moreover, a substantial reduction in the Cuban consumption tax on whisky was originally established in favor of whisky manufactured in the United Kingdom and Canada, by decree-law effective September 11, 1935. The reduced rate also applies to whisky manufactured in the United States, by virtue of the United States-Cuban trade agreement. The reduction has not been generalized, but apparently is subject to extension to most-favored-nation treaty countries.

The Cuban Tariff Law of 1927 contains a general provision prohibiting the importation of specified products and of any other articles the acquisition of which would be contrary to Cuban national interest or public health.^{1/}

^{1/} The same law authorized the Executive, after a hearing by the Technical Tariff Commission, temporarily to prohibit the exportation of foodstuffs or raw materials, or to impose export duties on such articles, for the purpose of preventing irreparable injury to Cuban national interests. Any such action taken must be reported to the Congress.

The decree-law of April 4, 1936, providing for import surtaxes on rice and other basic commodities, also authorized the Cuban Executive to introduce an import quota system. Annual quotas may be established on imported articles which are also grown or produced in Cuba, and which require protection. The quota restrictions are to be applied in such a way as to favor countries having reciprocal commercial agreements with Cuba, or which are entitled to receive minimum-column tariff treatment. Measures taken under these quota provisions have applied, since May 1937, to imports of condensed, evaporated, or concentrated milk (except products of the United States, France, and Spain) and since July 1939, to imports of henequen or sisal fiber (except imports of these products from the United States).

^{1/} Exchange control. - A form of exchange control has been in effect in Cuba since June 15, 1939. Cuban exporters of sugar and sirup are required to deliver to the Government 30 percent of the dollars obtained from such exports, in return for Cuban silver pesos at par. Exporters of other Cuban products could be, but have not in fact been, required ^{2/} to deliver 15 percent of the dollar proceeds of their sales abroad. From the funds so accumulated, the Government services its foreign debts, pays the salaries of its representatives abroad, purchases

1/ For years the Cuban peso was kept at par with the United States dollar. The recent coinage of large quantities of silver currency, however, has resulted in the depreciation of the peso, in terms of the United States dollar, to the current (June 1940) quotation of \$0.90. During the year prior to that date, the rate of discount varied from 2-3 percent to as high as 15-16 percent. United States currency is legal tender in Cuba. In trade statistics, the Cuban peso is equivalent to the United States dollar.

2/ Before September 15, 1939, the specified percentages were 20 and 10.

supplies, and allocates the remaining exchange at par to Cuban importers for imports of merchandise of prime necessity. Few importers receive this par exchange, but dollar exchange is regularly available in the exchange markets, and drafts payable in foreign currencies are sold freely by all the important banks in Cuba.^{1/}

Commercial treaties and agreements. - Under the Constitutional Law of June 11, 1935, the Cuban Executive has authority to conclude treaties.^{2/} He is obliged, however, to submit them to the Senate for approval. Commercial agreements other than treaties are not provided for in the Constitution.

Cuba has in force only four commercial treaties or agreements,^{3/} besides the preferential trade agreement with the United States, and not including arrangements concerning tariff treatment under the import control law. Agreements with Spain and France have been in force since 1927 and 1929, respectively.^{4/}

In May 1937, Cuba established an interdepartmental committee on commercial treaties and agreements, composed of representatives of the Cuban Departments of State, Finance, Agriculture, and Commerce and Labor. This committee is charged with the study of such agreements as are in force or under contemplation, presumably for the purpose of

^{1/} Certain well-known United States and Canadian banking institutions have branches in the larger Cuban cities and also maintain offices in the smaller cities.

^{2/} A new Constitution was adopted as of Oct. 10, 1940. The discussion in this section refers to the powers exercised by the Executive prior to that date.

^{3/} These affect only a small number of tariff rates.

^{4/} See also the section on the tariff.

advising the Executive. The Cuban Legislature has its own committees on foreign relations, tariffs, and commerce, to which commercial agreements and related matters are referred before being submitted for approval.

The trade agreement with the United States, effective September 3, 1934, was put in force on the part of Cuba by Executive action, under the provisions of the Constitutional Law of February 3, 1934. This trade agreement while in force supersedes the Commercial Convention of 1902, known as the Reciprocity Treaty. By the provisions of the agreement, a great number of Cuban import duties on United States products were reduced or bound against increase; moreover, the percentage of preference accorded many United States products was increased; tariff classifications were changed, and certain Cuban consumption taxes were modified.

In the agreement, Cuban concessions to the United States included preferential treatment on more than 400 specified tariff items, the margin of preference to the United States ranging from 20 percent to 60 percent of the "minimum" rates of duty. The United States concessions to Cuba included preferential treatment on 35 specified tariff items,
1/ the margin of preference to Cuba being increased from the previous uniform 20 percent to 40 percent on 4 items, and to 50 percent on 6 items. On all unspecified dutiable articles the preference

1/ Including the many grades of sugar as one item.

remains at 20 percent of the minimum duty. Except for special arrangements regarding Cuban sugar and tobacco, each country agreed that no quantitative restrictions should be imposed on any article enumerated in the schedules of the agreement. Imports of Cuban grapefruit, avocados, and winter vegetables were permitted to enter the United States at specially reduced rates during certain seasons.

A supplementary trade agreement between the United States and Cuba, effective December 23, 1939, amended the trade agreement of 1934. The supplementary agreement provided for the restoration of the reduced United States duties on Cuban cigars, and (subject to quantitative limitations) on Cuban cigar filler leaf and scrap tobacco, to replace the concessions originally provided in the 1934 agreement but terminated in March 1936.^{1/} On cigar wrapper tobacco a preferential rate lower than that specified in the earlier agreement, but already applied to the Cuban product as a result of a concession in the trade agreement with the Netherlands, was bound against increase. For Cuban sugar, provision was made to restore the reduced duties, effective before the suspension of the quota provisions of the Sugar Act of 1937^{2/} (at the rate of 0.9 cent per pound of 96-degree sugar), upon the reestablishment by the United States of the sugar quota system. The continued application of the reduced rates of duty was made contingent upon the existence of a statutory provision for the imposition of limitations

^{1/} See discussion under "Tariff status of tobacco."

^{2/} The quota provisions of the Sugar Act of 1937 were suspended from Sept. 12 to Dec. 31, 1939.

on the importation or marketing of Cuban sugar. In accordance with the amendatory agreement, the reduced rates on Cuban sugar again became effective on December 27, 1939. The new agreement did not alter the basic preferential provisions of the trade agreement of 1934.

Trend of the trade.

Exports. - Total exports from Cuba in 1929 amounted to 272 million dollars. By 1932 they had declined to 81 million dollars or 29 percent of their 1929 value. They recovered to 186 million dollars in 1937, and were 143 million dollars in 1938. The decline in 1938 was largely the result of lower prices for sugar and the smaller volume of exports of sugar. Preliminary returns indicate that exports in 1939 were valued at 148 million dollars, an increase of about 3 percent over 1938.

The year 1929, the earliest shown in the detailed tables herein-after presented, was not a peak year in exports either to the world or to the United States. Exports to all countries declined irregularly from 435 million dollars in 1924 to 272 million dollars in 1929.^{1/} Exports to the United States were larger in each year from 1924 to 1927 than they were in 1929. Exports from Cuba to all countries and to the United States, in the period 1924-38, are shown in tables 1 and 2.

^{1/} In trade statistics, the Cuban peso is equivalent to the U. S. dollar.

Table 1. - Cuba: Trade with the world, 1924-38

Year	(Value in thousands of U. S. dollars) 1/		
	Exports	Imports	
	:	:	
1924	434,865	289,831	
1925	353,984	297,324	
1926	301,708	260,826	
1927	324,368	257,384	
1928	278,070	212,817	
	:	:	
1929	272,440	216,215	
1930	167,410	162,452	
1931	118,865	80,111	
1932	80,672	51,024	
1933	84,391	42,360	
	:	:	
1934	107,746	73,418	
1935	128,022	95,465	
1936	154,847	103,215	
1937	186,071	129,572	
1938	142,678	106,007	
	:	:	

1/ In trade statistics, the Cuban pesos is equivalent to the U. S. dollar

Source: Compiled by the U. S. Tariff Commission from Comercio Exterior, Republica de Cuba.

1/

Table 2. - Cuba: Trade with the United States,
1924-38

Year	(Value in thousands of U. S. dollars) ^{2/}			Imports		
	Exports		Percent of	Imports		Percent of
	Value	total to	Value	total from	United States	United States
1924	362,265	83.3	191,571	66.1		
1925	264,200	74.6	187,224	63.0		
1926	242,882	80.5	160,051	61.4		
1927	256,143	79.0	159,056	61.8		
1928	202,535	72.8	129,349	60.8		
1929	208,754	76.6	127,051	58.8		
1930	116,116	69.4	91,872	56.6		
1931	89,074	74.9	45,940	57.3		
1932	57,482	71.3	27,653	54.2		
1933	57,112	67.7	22,674	53.5		
1934	81,094	75.3	41,225	56.2		
1935	101,534	79.3	55,686	58.3		
1936	121,899	78.7	66,494	64.4		
1937	150,148	80.7	88,847	68.6		
1938	108,363	75.9	75,152	70.9		

1/ These statistics do not include the trade of Cuba with Puerto Rico and Hawaii.

2/ In trade statistics, the Cuban peso is equivalent to the U. S. dollar.

Source: Compiled by the U. S. Tariff Commission from Comercio Exterior, Republica de Cuba.

Price and quantum indexes of Cuban exports are not available. The effect of fluctuations in prices and changes in quantities on the export trade of Cuba, however, is partially indicated by statistics for the leading export commodities - sugar, leaf tobacco, and cigars - which in the decade 1929-38 constituted three-fourths to four-fifths or more of all Cuban exports, in terms of value. The quantities of these products exported from Cuba, and their average unit values, indicate that the decline in Cuban exports from 1929 to 1932 was due as much to a decline in the quantities exported as to the reduction in prices, whereas the subsequent recovery was caused in large part by an improvement in prices. Quantities, values, and unit values of selected export commodities, in specified years, 1929 to 1938, are shown in table 3.

Cuban exports of sugar declined from 5.5 million short tons in 1929 to 2.9 million short tons in 1932, a drop of nearly one-half. In each of the years 1936-38 exports were maintained at approximately the 1932 level (see table 3). The price of sugar shipped to the United States declined from 2.0 cents per pound (ex-duty) in 1929 to 0.93 cent per pound in 1932, a decline of slightly more than one-half. After 1932 prices of sugar shipped to the United States recovered, reaching 2.71 cents per pound in 1936, or more than one and one-third times the 1929 level. In 1937 they declined to 2.55 cents, in 1938 to 2.04 cents, and in 1939 to 1.87 cents. In January 1940 the domestic price of sugar was 1.96 cents per pound. Thereafter it declined irregularly to 1.75 cents in August; in September 1940 it was 1.81 cents per pound.

^{1/} See table 13.

In the world market, the price of sugar declined from 1.91 cents per pound in 1929 to 0.87 cent per pound in 1932. After 1932, however, prices of sugar shipped to the world market recovered slowly. In 1936 the price was only 1 cent per pound; thereafter it increased, reaching 1.46 cents per pound in 1939.^{1/} In January 1940 the world price of sugar (New York basis) was 1.73 cents per pound; it then declined steadily to 0.91 cent in September.^{2/}

Exports of leaf tobacco from Cuba declined from 47 million pounds in 1929 to 23 million pounds in 1936, a decline of more than one-half. Thereafter they increased, reaching 28 million pounds in 1938, or 79 percent of the 1929 level. Unit values of exports of leaf tobacco declined by more than one-half between 1929 and 1932 (from 58.4 to 28.2 cents per pound). In 1937 they increased to 41.0 cents per pound, but in 1938 declined to 37.4 cents, or 64 percent of the 1929 figure (see table 3).

Exports of cigars declined by more than two-thirds between 1929 and 1932 (from 89 million to 29 million). In 1936 they amounted to 42 million, but declined in 1938 to 33 million, or 36 percent of the 1929 level. Unit values of exports of cigars declined by more than one-fourth between 1929 and 1932 (from \$114.80 per thousand to \$82.78 per thousand). They increased to \$102.20 per thousand in 1937, but declined in 1938 to \$91.41 per thousand, or 80 percent of the 1929 level (see table 3).

^{1/} See table 13.

^{2/} Prices are f.o.b. Habana (No. 4 Contract) plus transportation charges from Habana to New York.

Table 3. - Cuba: Exports of selected commodities,
in specified years, 1929 to 1938

Commodity	1929	1932	1936	1937	1938
Quantity					
Sugar, 1,000 short tons	5,544	2,931	2,910	2,988	2,911
Molasses, blackstrap, 1,000 gallons	244,322	130,112	202,718	168,105	118,906
Leaf tobacco, 1,000 lbs.	46,693	36,869	23,049	27,379	28,028
Cigars, 1,000	89,387	28,569	42,054	35,762	32,634
Copper ore and concentrates, short tons	63,988	23,818	48,501	44,349	55,929
Manganese ore, long tons (gross)	8,400	18,874	36,053	131,934	119,998
Value in 1,000 U.S. dollars ^{1/}					
Sugar	204,849	53,973	112,591	127,285	99,771
Molasses, blackstrap	11,674	3,457	10,726	8,188	4,387
Leaf tobacco	27,247	10,381	9,153	11,217	10,478
Cigars	10,262	2,365	4,068	3,655	2,983
Copper ore and concentrates	1,851	309	1,543	2,977	2,342
Manganese ore	55	121	515	2,390	2,255
Unit value in U.S. dollars					
Sugar, short ton	36.95	18.42	38.69	42.60	34.28
Molasses, blackstrap, gallon	0.048	0.027	0.053	0.049	0.037
Leaf tobacco, pound	0.548	0.282	0.397	0.410	0.374
Cigars, 1,000	114.80	82.78	96.73	102.20	91.41
Copper ore and concentrates, short ton	28.93	12.97	31.81	67.14	41.82
Manganese ore, long ton (gross)	6.59	6.39	14.29	18.12	18.79

^{1/} In trade statistics, the Cuban peso is equivalent to the U. S. dollar.

Source: Compiled by the U.S. Tariff Commission from Comercio Exterior, Republica de Cuba.

Imports. - Significant developments in the Cuban import trade during the decade 1929-38 include the increasing importance of the United States as a supplier, and the decline in the importance of imports of foodstuffs. Imports into Cuba from all countries and from the United States, in the period 1924-38, have already been shown in tables 1 and 2. The year 1929, the earliest shown in the subsequent detailed tables, was not a peak year either in imports from the world or in imports from the United States. Imports from all countries in 1929 were exceeded substantially in each of the four years 1924-27, and imports from the United States in 1929 were exceeded in each of the five years 1924-28.

Cuban imports in 1929 were valued at 216 million dollars. In 1932, they decreased to 51 million dollars, or to less than one-fourth of their 1929 value. All commodity groups shared in the decline, but the principal groups affected were machinery, instruments, apparatus, and vehicles; metals and manufactures; and animals and their products. Imports increased to 130 million dollars in 1937, but fell to 106 million dollars in 1938. Preliminary returns indicate that imports ^{1/} in 1939 were valued at nearly 106 million dollars.

1/ Price and quantum indexes of Cuban imports are not available.

Exports from Cuba.

Composition. - Sugar and other derivatives of sugar cane, and tobacco products account for nearly nine-tenths of all Cuban exports, in terms of value. In addition to these two groups, the Cuban export classification includes stone, gravel, and mineral products; food products (other than sugar and related products); animals and their products; forest products; and miscellaneous products. Exports from Cuba, by groups, principal subgroups, and commodities, in specified years, 1929 to 1938, are shown in table 4.

For all groups shown in table 4, except food products, there was a sharp drop in the value of exports between 1929 and 1932, caused in part by lower prices, and in part by the decreased quantities of exports. The value of exports in the food products group declined but slightly, and one subgroup - vegetables, cereals, and grains - showed a substantial increase over 1929. Several individual commodities in other groups - for example, manganese ore, and metals and manufactures - were substantially larger in 1932 than in 1929.

Table 4. - Cuba: Exports ^{1/}, by groups, principal subgroups, and commodities, in specified years, 1929 to 1938

Commodity group, subgroup, or commodity ^{2/}	(Value in thousands of U. S. dollars) ^{2/}				1938			
	1929		1932		1936		1937	
	Value of total exports	Percent of exports	Value of total exports	Percent of total exports	Value of total exports	Percent of total exports	Value of total exports	Percent of total exports
Grand total	272,440	100.0	80,672	100.0	154,847	100.0	186,071	100.0
Sugar and other derivatives of sugar cane	218,004	80.0	58,453	72.5	126,913	82.0	148,191	79.7
Sugar, raw	13,536	69.2	39,682	49.2	89,800	58.0	104,845	56.3
Sugar, refined	16,213	6.0	14,290	17.7	22,791	14.7	22,441	12.1
Molasses, syrup, etc.	11,737	4.3	3,771	4.7	12,941	8.4	19,309	10.4
Distilled products	11,400	.5	709	.9	1,381	.9	1,597	.9
Tobacco and manufactures	27,925	14.0	12,926	16.0	13,321	8.6	14,947	8.0
Tobacco, unmanufactured	27,247	10.0	10,331	12.9	9,153	5.9	11,217	6.0
Cigars (twisted tobacco)	10,262	3.8	2,365	2.9	4,068	2.6	3,655	2.0
Stone, gravel, and mineral products	4,402	1.6	737	.9	3,752	2.4	7,211	3.9
Copper ore	1,851	.7	309	.4	1,543	1.0	2,977	1.6
Manganese ore	55	.4	121	.1	515	.3	2,390	1.3
Iron ore	343	.1	65	.1	82	.5	914	.5
Food products ^{2/}								
Fresh fruits	5,978	2.0	5,222	6.5	5,116	3.3	7,660	4.1
Bananas	3,523	1.3	2,835	3.5	3,071	2.0	4,536	2.4
Vegetables, cereals, and grains	1,515	.6	1,393	1.7	2,168	1.4	3,360	1.8
Animals and their products	1,405	.5	2,211	2.7	1,620	1.0	2,219	1.2
Hides and skins, raw	3,063	1.1	1,107	1.4	2,575	1.7	3,692	2.0
Forest products	1,693	.6	441	.5	1,478	1.0	2,158	1.2
Miscellaneous products, metals and manufactures, and chemical and pharmaceutical products	1,307	.5	570	.7	1,560	1.0	2,095	1.1
Metals and manufactures	2,241	.8	1,637	2.0	1,600	1.0	2,275	1.2
Miscellaneous products	1,338	.5	683	.8	399	.4	1,163	.6

^{1/} General exports. Gold and silver bullion and specie are excluded. Values are f.o.b. Cuban port, as declared by merchants and verified by the customs.

^{2/} In trade statistics, the Cuban peso is equivalent to the U. S. dollar.

^{2/} Classifications employed in this table are those given in the Cuban export statistics for 1938. Groups are ranked according to value in 1938.

^{4/} Less than one-tenth of 1 percent.

^{5/} Including fish and meats, but not sugar and its derivatives.

Source: Compiled by the U. S. Tariff Commission from Comercio Exterior, República de Cuba.

All groups and commodities showed increases in value in 1937 over 1932; in several cases values in 1937 were in excess of those for 1929 (see table 4). Exports of practically all groups, subgroups, and commodities declined in 1938. For the principal groups and commodities, the ratios of the dollar values of exports in 1938 to those in 1929 were as follows: Sugar and other derivatives of sugar cane, 52 percent; raw sugar, 44 percent; refined sugar, 107 percent; molasses, sirup, etc., 98 percent; tobacco and manufactures, 36 percent; copper ore, 127 percent; manganese ore, 4,100 percent; and food products, 92 percent.

In the decade 1929-38 approximately three-fourths to four-fifths of the value of all Cuban shipments abroad consisted of sugar and other derivatives of sugar cane. The most important sugar product - raw sugar - in the years 1936-38 accounted for between 56 and 58 percent of all exports. Other derivatives of sugar cane, with their share of total exports in 1938, included refined sugar, 12 percent, and molasses and sirup, 8 percent.

The second most important Cuban export group, tobacco and manufactures, is composed almost entirely of unmanufactured tobacco and cigars. This group accounted for 14 to 16 percent, respectively, of the value of all exports in 1929 and 1932; in the period 1936-38, it formed between 8 and 9 percent of the total.

Other important Cuban exports are mineral products (now almost entirely composed of copper ore, manganese ore, and iron ore), and foodstuffs (largely fruits and fresh vegetables). In 1938 these groups each accounted for less than 4 percent of all Cuban exports.

The percentage for the minerals group represents a substantial increase over that for 1929 and 1932. That of foodstuffs (which does not include sugar) has varied considerably.

Other Cuban exports in 1938 were animals and their products (largely raw hides and skins); forest products (principally mahogany); and miscellaneous products (including metals and their manufactures, chemicals, and pharmaceutical products).

Destination. - The principal markets for Cuban exports in 1938, with share of the total value taken by each country, were the United States, 76 percent, and the United Kingdom, 14 percent. Other purchasing countries in that year, no one of which accounted for as much as 2 percent of total exports, included Germany, Belgium, France, Spain, Japan, and Italy.

In each year of the decade 1929-38, approximately nine-tenths of all Cuban shipments abroad, in terms of value, went to the United States and the United Kingdom. There was but little variation in the share taken by each of these two countries. That of the United States ranged between 71 percent in 1932 and 79 percent in 1936, and was 76 percent in 1938. United States purchases from Cuba varied from 57 million dollars (1932) to 209 million dollars (1929); in 1938 they amounted to 108 million dollars. The share of the United Kingdom varied between 11 percent (1937) and 15 percent (1932), and was 14 percent in 1938. In terms of value, United Kingdom purchases of Cuban products ranged from 12.4 million dollars (1932) to 34 million dollars (1929); in 1938 they amounted to 19.6 million dollars.

The value of exports to France varied between 1 and 2 percent of the total. Germany's share increased irregularly from less than 1 percent in 1929 to nearly 2 percent in 1938. Shipments to Italy and Japan formed a negligible part of total Cuban exports during the decade.

Table 5. - Cuba: Foreign trade with selected countries, in specified years, 1929 to 1938

Country	(Value in thousands of U. S. dollars) —						Percent : Value of total:					
	1929	1932	1936	1937	1938							
<i>Exports to:^{2/}</i>												
All countries	272,440	100.0	80,672	100.0	154,847	100.0	186,371	100.0	142,678	100.0	142,678	100.0
UNITED STATES	208,754	76.6	57,482	71.3	121,899	78.7	150,148	80.7	108,363	76.0	108,363	76.0
United Kingdom	34,242	12.6	12,444	15.4	19,881	12.8	20,011	10.8	19,605	13.7	19,605	13.7
Germany	2,251	.8	657	.8	2,406	1.6	3,136	1.7	2,755	1.9	2,755	1.9
Japan	245	.1	43	.1	168	.1	69	.2	197	.1	197	.1
Italy	41	3/	17	3/	4	3/	209	.1	52	2/	52	2/
France	5,818	2.1	2,040	2.5	2,556	1.7	2,304	1.2	2,053	1.5	2,053	1.5
All other countries	21,089	7.8	7,984	9.9	7,933	5.1	10,194	5.5	9,636	6.8	9,636	6.8
<i>Imports from:^{2/}</i>												
All countries	216,215	100.0	51,024	100.0	103,215	100.0	129,572	100.0	106,007	100.0	106,007	100.0
UNITED STATES	127,051	58.8	27,653	56.2	66,191	61.1	88,847	68.6	75,152	70.9	75,152	70.9

Carbon monoxide is a colorless, odorless gas that is highly flammable. It is produced by incomplete combustion of carbon-based fuels, such as coal, oil, and natural gas. Carbon monoxide is also a product of cigarette smoking and some industrial processes. It can be fatal if inhaled in high concentrations.

In trade statistics, the Cuban peso is equivalent to the U. S. dollar.

general exports. VENUES AND COUNTRIES. Japan

<u>Exports to:</u>	<u>Value (1,000 dollars)</u>	<u>Percent of total</u>	<u>Imports from:</u>	<u>Value (1,000 dollars)</u>	<u>Percent of total</u>
Belgium -----	2,074	1.4	Thailand (Siam) -----	2,947	2.8
Spain -----	1,292	.9	British India -----	2,034	1.9
-----			Sp. in -----	1,586	1.5
-----			Col. -----	1,322	1.2

25/ General imports. Values are f.o.b. port of embarkation in country of origin, as declared by merchants and recorded by the customs.

Compiled by the U. S. Tariff Commission from Commerce Exterior. Republica de Cuba.

Table 6. - Cuba: Foreign trade, by geographic areas and principal countries, in 1937

(Value in thousands of U. S. dollars) ^{1/}				Imports ^{2/}		
Exports ^{2/}		Imported from -		Imports ^{2/}		
Exported to -	Value	:Percent :: of total:: of trade ::	Imported from -	Value	:Percent :: of total:: of trade ::	
Western Hemisphere:			Western Hemisphere:			
UNITED STATES -----	150,149	80.7 ::	UNITED STATES -----	88,347	68.6	
Canada -----	662	.4 ::	Canada -----	1,011	.3	
Argentina -----	557	.3 ::	Netherlands West Indies -----	1,900	1.5	
All other Western Hemisphere countries -----	1,541	.8 ::	Mexico -----	1,509	1.2	
			Chile -----	1,210	.9	
Total -----	152,909	82.2 ::	All other Western Hemisphere countries -----	1,240	.9	
			Total -----	95,717	73.9	
Europe:			Europe:			
United Kingdom -----	20,011	10.8 ::	United Kingdom -----	6,321	4.9	
Germany -----	3,136	1.7 ::	Germany -----	5,845	4.5	
France -----	2,304	1.2 ::	France -----	2,897	2.2	
Italy -----	209	.1 ::	Italy -----	465	.4	
Belgium -----	2,289	1.3 ::	Spain -----	1,854	1.4	
All other European countries -----	3,999	2.1 ::	Belgium -----	1,825	1.4	
			All other European countries -----	4,352	3.4	
Total -----	32,043	17.2 ::	Total -----	23,559	18.2	
Asia:			Asia:			
Japan -----	70	3/ ::	Japan -----	737	.6	
All other Asiatic countries -----	7	3/ ::	Thailand (Siam) -----	4,285	3.3	
			British India -----	3,154	2.4	
			All other Asiatic countries -----	1,419	1.1	
Total -----	77	3/ ::	Total -----	9,595	7.4	
Africa -----	937	.5 ::	Africa -----	554	.4	
Oceania -----	100	.1 ::	Oceania -----	147	.1	
Grand total -----	136,071	100.0 ::	Grand total -----	129,572	100.0	

^{1/} In trade statistics, the Cuban peso is equivalent to the U. S. dollar.

^{2/} General imports; import values are f.o.b. port of embarkation in country of origin. General exports; gold and silver bullion and specie are excluded. Export values are f.o.b. Cuban port.

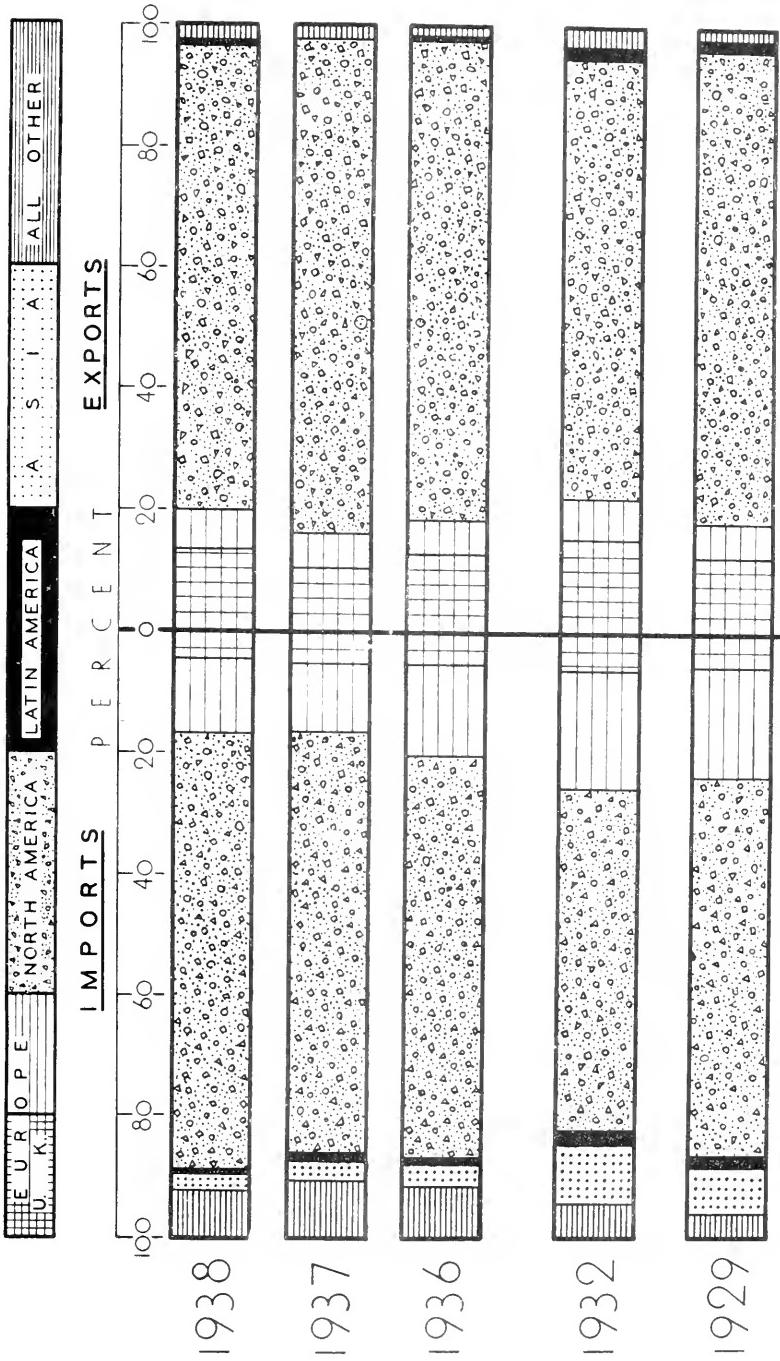
3/ Less than one-tenth of 1 percent.

Source: Compiled by the U. S. Tariff Commission from Comercio Exterior, República de Cuba, 1938.

CUBA

PERCENTAGE DISTRIBUTION OF IMPORTS AND EXPORTS

1929, 1932, 1936-1938



The United States is by far the principal market for Cuban sugar, customarily taking three-fourths or more of the total, in terms of value (over 80 percent in 1938). Other important markets in 1938 were the United Kingdom and France.

From one-third to one-half of all Cuban exports of leaf tobacco are customarily taken by the United States. In 1938, the United States took nearly 47 percent of the total quantity exported; other markets included Spain, Germany, Argentina, the Netherlands, and Puerto Rico. The United Kingdom is the principal purchaser of Cuban cigars; other countries of destination include Spain, the United States, France, Germany, and Argentina.

Practically all exports of Cuban bananas are shipped to the United States. The United States also takes all Cuban exports of copper ore,
1/ manganese ore, and iron ore. In terms of value the United States took more than one-half of all coffee exported from Cuba in 1937; other markets were France, Czechoslovakia, Spain, Denmark, and the Netherlands.

1/ Manganese ore was accorded entry into the United States free of duty under the Tariff Acts of 1897, 1909, and 1913. After it became dutiable in 1922, the manganese ore of Cuba was admitted free in compliance with regulations governing the free entry of Cuban products under the terms of the Commercial Convention concluded between the United States and Cuba on December 11, 1902. The free entry status was continued by virtue of the trade agreement of August 24, 1934. Inasmuch as the United States duty on manganese ore imported from all other foreign countries (except Germany) is one-half cent per pound of manganese content (reduced from 1 cent per pound of manganese content in the trade agreement with Brazil, effective Jan. 1, 1936), the Cuban product receives a tariff preference in this market of \$10 per short ton of manganese. Cuban producers, therefore, may market their ore in the United States at prices higher than can be obtained elsewhere.

Table 7. - Cuba: Imports, by groups, principal substances, and commodities, in specified years, 1929 to 1933

		1929			1932			1936			1937			1938		
Commodity group, subgroup, or commodity 2/		Value	Percent													
		Value of total imports														
Grand total		216,215	100.0	51,024	100.0	103,415	100.0	129,572	100.0	106,007	100.0					
Food products and beverages																
Cereals and flour	Rice	55,002	11.6	8,587	16.8	12,707	12.2	16,207	16.6	16,235	15.6	12,6	12.6	8,863	8.4	
Wheat flour		14,743	6.8	3,254	10.5	7,323	7.1	9,960	7.7	7,7	7.7	5,388	5.1			
Meats and fats (not including eggs)		20,446	11.2	3,085	6.0	5,264	5.1	6,230	4.8	6,129	4.7	5,422	5.1			
Lard, hog, pure		11,563	4.7	1,160	5.2	4,720	4.6	6,129	5.7	5,970	5.3					
Vegetables and fruits		5,205	2.5	2,085	4.1	2,328	2.1	4,221	4.1	4,588	4.2	4,051	3.8			
Oils, refined		2,111	1.4	1,620	3.2	1,462	2.1	2,162	2.1	2,162	1.9	1,284	1.2			
Olive oil		2,01	1.1	1,344	2.6	1,423	1.4	1,784	1.6	1,283	1.1					
Canned and otherwise preserved foodstuffs		2,623	1.2	461	0.9	1,165	1.1	1,341	1.0	1,185	1.1					
Fish, fresh, dried, or salted		2,898	1.3	595	1.2	979	0.9	1,064	0.9	1,087	1.0					
Textiles and manufactures																
Raw cotton and manufactures		37,545	17.4	10,820	21.2	21,683	21.0	25,463	19.7	19,525	18.4					
Piece Foods and finished articles		18,526	8.6	6,177	12.1	11,778	11.4	13,681	10.6	10,063	9.5					
Wool, bristles, hair, etc., and their manufactures		17,154	7.9	4,957	9.7	9,128	8.8	11,099	8.5	7,788	7.3					
Fool and mixed wool fabrics, in the piece		2,425	1.0	522	1.0	1,554	1.5	1,792	1.4	1,529	1.2					
Silk and silk manufactures		1,865	0.9	420	0.8	1,219	1.2	1,420	1.1	1,235	1.2					
Vegetable fibers, other than cotton, including rayon, and manufactures		5,298	2.5	1,268	2.5	462	0.4	654	0.5	482	0.4					
Sacks, jute		11,476	5.3	2,853	5.6	7,889	7.7	9,332	7.2	7,441	7.0					
1/ 8,657		4,0	2,097	3.9	2,588	2.5	2,539	2.0	2,110	2.0						
Machinery, instruments, apparatus, and vehicles																
Machinery and apparatus		21,126	9.8	2,891	5.7	11,786	11.4	15,500	12.0	12,508	11.8					
Industrial machinery, apparatus, and parts, including agricultural, sugar refining, and distilling machinery		21,541	5.2	1,751	3.6	6,024	5.9	8,282	6.4	7,117	6.7					
Carriages and automobiles, etc.		2,830	1.3	790	1.6	2,028	2.0	2,382	1.8							
Automobiles, trucks, and parts		7,208	3.5	834	1.6	4,366	4.2	5,642	4.2							
Musical instruments, 2/ etc.		6,516	3.0	795	1.5	4,079	4.0	4,977	3.8							
Simple drugs		1,454	0.7	203	1.4	1,157	1.1	1,324	1.0							
Colors, dyes, and varnishes		1,614	0.7	247	0.7	1,457	1.1	1,324	1.0							
Materials used in pharmacy, and industrial chemicals		16,452	7.6	5,250	10.3	11,777	11.4	13,720	10.6	11,023	10.4					
Chemical and pharmaceutical products		4,072	1.9	2,576	5.0	6,137	5.9	6,718	5.2	6,074	5.7					
Patent medicines		2,779	1.3	848	1.7	2,228	2.2	2,244	1.7	2,006	1.9					
Oils and Greases, and wax, crude		2,164	1.5	1,002	2.0	2,160	2.1	2,162	1.7	1,310	1.2					
Simple drugs		1,614	0.7	247	1.1	1,457	1.1	1,324	1.0							
Colors, dyes, and varnishes		1,511	0.7	479	0.9	1,003	1.0	1,274	1.0							
Stones, earths, nonmetallic minerals, glass, and ceramics		19,204	8.9	5,542	10.9	10,145	9.8	12,450	9.6	9,909	9.3					
Coal, shales, bitumen, and derivatives		19,016	6.3	4,247	8.5	7,239	7.0	8,410	6.5	6,662	6.3					
Petroleum, crude, and derivatives		9,378	4.3	3,973	6.6	7,055	5.5	5,618	5.1	5,166	4.9					
Coal and coke		2,975	1.4	1,506	1.9	1,506	1.5	1,759	1.4	1,474	1.4					

See footnotes at end of table.

Table 7. - Cuba: Imports,^{1/} by groups, principal subgroups, and commodities, in specified years, 1929 to 1938 - continued

Commodity group, subgroup, or commodity 2/	(Value in thousands of U.S. dollars) ^{2/}						1928 Percent of total imports	
	1929		1932		1926			
	Value of total imports	Percent of total imports	Value of total imports	Percent of total imports	Value of total imports	Percent of total imports		
Stones, earth, minerals, etc. - continued:								
Glass and crystal	2,454	1.1	618	1.2	1,838	1.8	2,571	
Clay, cement, sand, porcelain, and similar products	1,757	.8	212	.6	704	.7	1,090	
Metals and manufactures	15,055	6.9	2,903	5.7	8,372	8.1	12,172	
Iron and steel	11,603	5.4	2,452	4.8	6,843	6.6	10,019	
Copper and alloys	2,486	1.1	259	.5	915	.9	1,342	
Paper and manufactures	6,310	2.9	2,093	4.1	3,651	3.6	5,460	
Paper, semifinished (not made up)	2,922	1.4	1,098	2.2	1,648	1.6	2,576	
Wood and other vegetable materials	5,242	2.7	1,255	2.4	2,324	2.3	3,144	
Wood, rough-sawn, or semimanufactured	4,808	2.2	981	1.9	1,863	1.8	2,524	
Pine, not planed	2,740	1.3	566	1.1	1,213	1.2	1,635	
Animals and their products	5,591	2.6	867	1.7	1,985	1.9	2,896	
Hides and skins	3,019	1.4	766	1.5	1,447	1.4	2,143	
Miscellaneous products, tobacco and manufactures, and free entries	9,916	4.6	2,974	4.1	4,101	4.0	5,293	
Miscellaneous products	9,158	4.2	1,818	3.6	2,622	3.5	4,715	
Automobile tires and inner tubes	1,743	.8	616	1.2	907	.9	1,099	

^{1/} General imports. Values are f.o.b. port of embarkation in country of origin, as declared by merchants and verified by the customs.^{2/} In trade statistics, the Cuban peso is equivalent to the U. S. dollar.^{2/} Classification employed in this table are those given in the Cuban import statistics for 1938. Groups are ranked according to value in 1938.^{2/} May not be strictly comparable with later years.^{2/} Includes "Cinematographic projection apparatus" in all years; beginning in 1932 consists chiefly of radios and parts.

Source: Compiled by the U. S. Tariff Commission from Comercio Exterior, República de Cuba.

Imports into Cuba.

Composition. - Imports into Cuba consist of a wide variety of manufactured articles, foodstuffs, and raw materials. The Cuban import classification consists of 10 groups, the most important of which are food products and beverages; textiles and their manufactures; machinery, instruments, apparatus, and vehicles; materials used in pharmacy, and industrial chemicals; stones, earths, non-metallic minerals, glass, and ceramics; and metals and manufactures. In 1938 these 6 groups accounted for 87 percent of all Cuban imports, in terms of value. Imports into Cuba, by groups, principal sub-groups, and commodities, in specified years, 1929 to 1938, are shown in table 7.

Between 1929 and 1932 there was a sharp drop in the value of imports in all groups and commodities shown in table 7. Imports of all groups and commodities (except olive oil and silk) were much larger in 1937 than in 1932; with the exception of chemical and pharmaceutical products, simple drugs, and glass and crystal, they were smaller than in 1929. Imports of nearly all products or groups of products declined in 1938. For the principal groups, the ratios of the value of imports in 1938 to that in 1929 were as follows: Food products and beverages, 38 percent; textiles and manufactures, 52 percent; machinery, instruments, apparatus, and vehicles, 59 percent; materials used in pharmacy, and industrial

chemicals, 67 percent; stones, earths, nonmetallic minerals, glass, and ceramics, 52 percent; and metals and manufactures, 62 percent.

Food products and beverages constituted between one-fourth and one-third of all Cuban imports in the decade 1929-38. The share of this group declined irregularly from 37 percent in 1929 to 28 percent in 1938, reflecting the diversification of Cuban agriculture and the domestic production of certain heretofore imported foodstuffs. The most important foodstuff subgroup is cereals and flour, almost entirely accounted for by rice and wheat flour. Other groups include meats and fats (chiefly lard), vegetables and fruits, refined oils (largely olive oil), canned and preserved foodstuffs, and fresh, dried or salted fish (see table 7).

In recent years textiles and manufactures, the second important Cuban import classification, constituted between 17 and 21 percent of all imports, in terms of value. Cotton and its manufactures accounted for one-half or more of all imports of textiles and manufactures during the decade (9.5 percent of total imports in 1938). Other textile imports are of "other" vegetable fibers (including rayon); wool, bristles, hair and manufactures; and silk.

The share of imports of machinery, instruments, apparatus, and vehicles, which accounted for 12 percent of the total value of imports in 1938, has been greater in recent years than in 1929 and 1932. In general, more than half of such imports have consisted of machinery and apparatus; the other subgroups include carriages and automobiles, and musical instruments.

In 1938, materials used in pharmacy, and industrial chemicals; stones, earths, nonmetallic minerals, glass, and ceramics; and metals and manufactures constituted, respectively, 10, 9, and 9 percent of total imports (in terms of value). There was little variation from these percentages in the period 1936-38. In these major groups, the principal subgroups in 1938 were chemical and pharmaceutical products; coal, shales, bitumen, and derivatives; and iron and steel and manufactures.

Other Cuban imports, with shares of the total in 1938, are paper and manufactures, 4 percent; wood and other vegetable materials, 2 percent; animals and their products, 2 percent; and miscellaneous commodities, tobacco and manufactures, and duty-free goods, 4 percent. These percentages are fairly representative of the decade 1929-38.

Sources. - The United States is by far the major source of Cuban imports; during the decade 1929-38 it accounted for one-half to seven-tenths of the total, in terms of value. In 1938, the principal suppliers of Cuban imports, with the share of the total value supplied by each country, were the United States, 71 percent; Germany, 4 percent; the United Kingdom, 4 percent; Thailand (Siam), 3 percent; and France, 3 percent. Other sources included British India, Spain, Belgium, Italy, and Japan.

The share of the United States increased irregularly from 59 percent in 1929 to 71 percent in 1938. Cuban purchases from the

United States ranged in value from 27.7 million dollars (1932) to 127 million dollars (1929); in 1938 they amounted to 75 million dollars.

That portion of Cuban imports not furnished by the United States is distributed among a large number of countries, but, among the major commercial nations, no one supplied more than 6 percent of the total value in the years shown in table 7. The share of the United Kingdom declined irregularly from 6 percent in 1929 to 4 percent in 1938, and that of France from 4 percent to less than 3 percent. Germany's share increased irregularly from 3 percent in 1929 to 4 percent in 1938. Japan and Italy have been minor suppliers of Cuban imports; in none of the years shown did imports from these sources constitute more than 1 percent of the total value.

The United States is by far the principal supplier of imports in all of the important Cuban import groups. In terms of value, the United States in 1938 furnished 68 percent of all imports of food products and beverages; 63 percent of all textiles and manufactures; 91 percent of all machinery and vehicles; 53 percent of all pharmaceutical products and industrial chemicals; 70 percent of all ceramic products; 77 percent of all metals and manufactures; and 67 percent of all paper and manufactures.

The United States supplied even greater percentages of certain subgroups and individual commodities. For example, the United States supplied all of the wheat flour and lard - two of the three most

important products within the foodstuffs group. The United States also furnished 75 percent of all imports of cotton and manufactures; 88 percent of all machinery and apparatus; 90 percent of all automobiles, trucks, and parts; 71 percent of all crude petroleum and derivatives; and 79 percent of all iron and steel and manufactures.

Germany, ranking second as a supplier of Cuban imports in 1938, did not figure prominently in imports in any major group except pharmaceutical products and industrial chemicals, in which it supplied about 12 percent of the total value. This group alone accounted for more than one-fourth of all imports from Germany in 1938. Other groups of some importance in total imports from Germany were textiles and manufactures; machinery and vehicles; fuels and ceramics; and metals and manufactures.

Approximately three-fourths of all Cuban imports from the United Kingdom in 1938 (value basis) consisted of textiles and manufactures; cotton piece goods and finished articles were the most important. Imports from that country in all other groups constituted very small proportions of the total value of those groups.

In imports of some individual commodities, certain countries other than those mentioned above were important in 1938. Thus, Thailand (Siam) accounted for one-third of all imports of rice; British India supplied more than four-fifths of all jute sacks; and France accounted for more than two-fifths of all imports of patent medicines.

United States Trade with Cuba

With no other country does the United States have as close economic relations as with Cuba. For nearly four decades the trade between the United States and Cuba has received exclusive preferential tariff treatment, each country according the products of the other lower rates of duty than it accords the same products imported from other countries. For the United States, Cuba is practically the only foreign source of sugar; it is also one of this country's largest foreign markets, notwithstanding its rather small population. Moreover, United States citizens have made greater direct investments in Cuba than in any other country in Latin America, or than in any country in the world, except Canada. For Cuba, the United States is of great importance principally because it takes all but one-fourth of Cuba's total exports, and because a large, if not a major part, of all foreign direct investments in Cuba are owned by United States nationals. Furthermore, the condition of Cuba's sugar industry, the basic factor influencing the economic and political status of that country, has in recent years been dependent in large measure upon the control of the marketing and importation of sugar in the United States.

The share of the United States in the foreign trade of Cuba is greater than its share in the trade of almost any other country in Latin America.^{1/} In 1939 the aggregate value of the commerce

^{1/} Comparative statistics for 1938 are shown in the trade of Latin America with the world and with the United States, table 7, p. 48, part I of this report.

between the United States and Cuba totaled 187 million dollars, and represented nearly 80 percent of Cuba's entire trade with the world. The predominant position of the United States in the trade of Cuba has been the outgrowth of a number of interrelated political, geographic, and economic factors. Of foremost historical importance is the role which the United States played in the economic development of Cuba after it became a republic. The Reciprocity Treaty of 1902, providing for reciprocal preferential tariff treatment, not only led to a rapid development of the production of sugar in Cuba, but also encouraged investment of United States capital in that country. Such investments were valued at two-thirds of a billion dollars in 1936.

The fact that Cuba's products are mainly tropical or semitropical has contributed to the growth of trade with the United States. Although large amounts of sugar are produced in continental United States, and in its insular possessions, importations from Cuba, which has great natural advantages in the production of cane sugar, have supplemented supplies obtained from United States sources. For many years before 1931 the United States supplied nearly one-half of its requirements of sugar by imports from Cuba, almost the sole foreign source, and less than one-fourth from production in continental United States.^{1/} A further stimulus to trade between the two countries has been the fact that the economy of Cuba, as

^{1/} More recently the Cuban participation has fallen materially, while the continental and insular has increased, see table 10.

developed after 1902, became highly specialized agriculturally, leaving the country dependent upon foreign sources not only for manufactures but for many foodstuffs as well. With substantial credits available in the United States, Cuba obtained most of its requirements of manufactured goods, chiefly vehicles, machinery, textiles, and foodstuffs, from this country. Geographic proximity has also been of importance in the trade.

Though many factors have contributed to the growth of United States-Cuban trade, others have tended to constrict it. These included, particularly in the years 1920-33: (1) The long decline in the price of sugar after 1920 caused by greatly increased world production; (2) the material expansion after the war of sugar production in the insular areas of the United States (including the Philippines), which ship to the United States free of duty; and (3) the contraction after 1929 in the world and United States consumption of sugar, which led to greatly decreased prices and considerably smaller Cuban exports both to the United States and to other countries.

The initiation in 1934 of a sugar control program by the United States, under which the marketing and importation of sugar are controlled by absolute quotas, served to increase the quantity of Cuban sugar taken by the United States as compared with 1932 and 1933; Cuban quotas, however, have been materially smaller than

average imports from that country during the period 1922-31. The program also increased sugar prices in this country, thereby raising the value of imports of sugar from Cuba. The consequent increase in Cuba's buying power led to larger United States exports to that country.

Trend of United States-Cuban trade.

Particularly important in affecting United States trade with Cuba have been changes in sugar prices (ex duty) in the United States and changes in the volume of Cuban sugar taken by this market. The most noteworthy features with respect to prices have been the precipitous drop after the abnormal post-war peak in 1920 (when 96-degree raw sugar averaged 12 cents per pound and was as high as 22.5 cents), the long-continued decline in the years 1924-32 (when the price of sugar at New York, ex duty, fell to only 0.93 cent per pound), and the considerable recovery after 1932, the average for 1936 being 2.71 cents and for 1939, 1.87 cents.^{1/} In January 1940 the price (ex duty) was 1.96 cents per pound; it declined to 1.75 cents in August, and was 1.81 cents in September. In terms of quantity, imports of sugar from Cuba have remained fairly stable after the long decline in the period 1926-33, being limited by the quota provisions.

The value of aggregate imports from Cuba (between two-thirds and three-fourths of which is represented by sugar) has moved in about the same manner as sugar prices. Imports declined

^{1/} See table 13.

precipitously after the extraordinary high of 722 million dollars reached in 1920; although there was some recovery in 1923 and 1924, they continued to fall almost steadily in the period 1925-32, finally reaching a low of 58.3 million dollars in 1932. Thereafter, imports rose and by 1937, totaled 148 million dollars; they declined to 105 million dollars in 1939 (see table 8).

Inasmuch as Cuba's capacity to purchase from the United States has been limited principally by its sales to this country, the trend of United States exports to Cuba has followed closely the trend of imports therefrom. Exports dropped sharply after the peak in 1920, and declined almost continuously thereafter to a low of 25.1 million dollars in 1933. They then recovered to 92.3 million dollars in 1937, which, though much higher than in 1933, was nevertheless materially smaller than in any predepression year; exports in 1939 were valued at 82 million dollars.

Table 8. - United States imports from and exports to Cuba,
1924-39, and in the first 12 months of the European war

Year	(Value in thousands of dollars)			Exports (incl. reexports)
	General imports		Exports	
	Value		Percent of total	
	United States	imports from Latin America	Value	United States exports to Latin America
1924	361,721	34.9	199,778	27.1
1925	261,673	26.0	198,655	23.5
1926	250,600	24.1	160,488	19.3
1927	256,786	26.8	155,383	19.3
1928	202,842	21.4	127,897	15.4
	:	:	:	:
1929	207,421	20.5	128,909	14.1
1930	121,949	18.0	93,550	14.9
1931	90,059	18.8	46,964	15.0
1932	58,330	18.1	28,755	14.7
1933	58,499	18.5	25,093	11.6
	:	:	:	:
1934	78,929	21.3	45,323	14.8
1935	104,303	22.6	60,139	17.5
1936	127,475	25.4	67,421	17.1
1937	148,045	22.0	92,263	16.0
1938	105,691	23.3	76,331	15.4
	:	:	:	:
1939 <u>1/</u>	104,930	20.3	81,644	14.4
	:	:	:	:
12 mos. Sept.-	:	:	:	:
Aug. <u>1/</u>	:	:	:	:
1938-39	95,508	20.4	71,609	14.6
1939-40	116,223	18.8	90,910	12.4
	:	:	:	:
Percent change	+ 21.7		+ 27.0	
	:	:	:	:

1/ Preliminary.

Source: Compiled from official statistics of the U. S. Department of Commerce.

The marked fluctuations in United States-Cuban commerce have caused considerable changes in Cuba's share in United States trade with the world and with Latin America. During the World War (1914-18) and for several years thereafter, Cuba ranked first among the countries of Latin America both as a source of imports and as a market for exports. During the middle 1920's Cuba's share in the trade with that area lessened materially, and in 1928 Cuba as a source of supply ranked second to Brazil and as a market, second to Argentina. The decline in Cuba's participation continued, and by 1932 only 18 percent of total United States purchases from Latin America came from Cuba, compared with 35 percent in 1924; in 1933 the Cuban market ranked only fourth and represented but 12 percent of total United States sales to Latin America, compared with 27 percent in 1924. With the subsequent higher prices for sugar in the United States and the attendant improvement in Cuban purchasing power, that country's share in the total United States trade with Latin America increased in the next few years. It has remained appreciably less, however, than in the period before 1925, when the price of sugar was much higher and the volume of imports greater.

Not only is Cuba important in United States trade with Latin America, but it also holds a large place in the commerce of the United States with the world. During the period since 1920, Cuba's share of total United States imports has varied from a maximum of 13.7 percent in 1920 to a minimum of 4.0 percent in 1930 and 1933;

in 1939 it was 4.5 percent. The highest proportion for Cuba in total United States exports occurred in 1920 when that country took 6.3 percent of the total; the lowest proportion was in 1933 and amounted to 1.5 percent. In 1939 Cuba took 2.6 percent of total United States exports.

In the 12 months since the outbreak of the European war, United States trade with Cuba has increased - exports 27 percent and imports 22 percent as compared with the same period of 1938-39. The advance in the value of this trade has been considerably less than the increase in United States trade with Latin America as a whole. This may be explained by the fact that Cuba previously had a much larger share of its total trade with the United States than most other Latin American countries, and, hence, had less occasion to alter its channels of trade when the war curtailed shipments between Cuba and Europe. Similarly, small increases likewise have occurred in United States trade with most of the other Caribbean and Central American countries, which also customarily have carried on the major part of their trade with this country.

United States imports from Cuba.

Composition. - Cane sugar represented nearly three-fourths of the total value of United States imports from Cuba in 1939. Its share in this trade has not fluctuated greatly in the last 15 years (the lowest percentage during that period being 62 percent in 1930 and the highest, 81 percent in 1927). The ratio has been somewhat

smaller since 1924 (87 percent) than before that year because of the lower price and smaller quantity of sugar as compared with other products imported from Cuba. Other leading imports from Cuba, together with their share in the trade in 1939, were: cigar leaf tobacco, 7 percent; molasses, 6 percent; bananas, 2 percent; and manganese ore, 2 percent. Imports of these and other leading products are shown in table 9.

Imports of sugar. - Cuba is by far the largest foreign supplier of sugar for the United States. This country obtains its supply of sugar from three principal sources: (1) Continental United States (beet and cane), supplying about 34 percent of total requirements in 1939, (2) the insular possessions of the United States (chiefly Hawaii and Puerto Rico) and the Philippines, together supplying 41 percent, and (3) Cuba, supplying 25 percent of the total. Imports from other foreign countries are negligible compared with United States consumption or with imports from Cuba.

Table 9.—United States imports for consumption from Cuba of principal commodities, in specified years, 1929 to 1939

Commodity	Tariff on imports, end of 1939		Unit of quantity	1929		1932		1936		1937		1938		
	From Cuba	From other countries		Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	
Tomatillos, natural state	2.4¢ per lb.; exc. 3¢ per lb. 1 cent from Dec. 1 to last day of Feb., when rate is 1.8¢	1,000 pounds	26,322	\$80	25,560	50.8	44,031	765	42,795	771	44,494	83.8	33,963	576
Bananas, green or ripe	Free	1,000 bunches	3,801	1,801	3,651	1,471	6,151	2,772	8,524	3,645	4,227	1,641	4,770	2,046
Plantain, in crates of 2.45 cubic feet	Free	1,000 crates	24	1,425	2,053	911	7.98	828	664	1,130	1,159	1,012	1,064	1,083
Cane sugar ^(a)	2.4 per crate 0.9¢ per lb.	1,000 crates	3,650	224	137,609	1,806,112	37,884	1,925,150	96,159	1,651,293	103,888	1,876,738	76,628	1,872,330
Molasses not used for extraction of sugar, or for human consumption	0.034 per lb.	1,000 gallons	213,421	10,226	94,436	2,779	184,202	9,229	231,272	13,207	130,241	5,815	160,386	5,172
Molasses and sugar syrup, n.s.p.f.	20¢ Dutiable at various rates Preference	Dutiable at various rates	119	23	5,678	383	15,173	1,654	8,212	1,239	8,669	1,458	9,040	1,246
Rum in containers holding each 1 gallon or less	\$2.50 per gallon	1,000 pt. cases	3	3	3	3	347	1,576	304	1,600	193	1,000	275	904
Leaf for cigar wrappers, waste ed	\$1.20 per lb.	1,000 pounds	142	424	75	281	183	570	188	589	179	596	174	574
Cigar leaf (filler) waste ed	17½ per lb. 24	do.	6,794	5,097	3,641	2,066	4,554	2,270	4,208	2,243	2,710	1,584	2,187	1,181
Cigar leaf (filler) waste ed	25¢ per lb. 24	do.	15,016	13,596	7,646	5,995	6,532	4,672	6,940	4,959	6,917	4,922	8,200	5,465
Scrap tobacco	17½ per lb. 24	35¢ per lb.	2,121	610	2,438	648	2,764	805	2,608	752	2,940	822	3,163	858
Sisal and henequen fibers	Free	1,000 tons	3	421	2	85	4	491	7	776	3	270	8	554
Iron ore, including manganese iron ore, n.s.a.s.t.	Free	do.	641	2,335	77	180	445	1,056	442	1,046	149	356	270	596
Manganese ore (including ferruginous or cocalizing, trastive, and manganese iron ore, containing 35 percent and over of manganese)	0.5¢ per lb. of manganese Free	Short tons (manganese content)	24	24	24	24	19,556	521	63,151	2,186	68,918	2,242	57,924	1,690
Copper concentrates	Free	Free if for refining do. and export; otherwise dutiable at 4¢ per lb.	4,905	1,373	3,746	455	10,299	1,231	14,015	2,715	9,672	1,470	5,831	850

Imports of commodities shown	176,438	53,187	124,345	160,715	100,928	95,786
Total imports from Cuba	207,421	74	58,230	129,734	166,898	105,644
Principal imports as percent of total value	85.1	91.2	96.3	95.8	95.7	94.8

^a Preliminary.^b In crated.^c Not separately classified.^d Reduced from 1 cent a pound in the trade agreement with the Netherlands, effective Feb. 1, 1936.^e Imports in any calendar year in excess of an aggregate quota of 10 million pounds of cigar leaf.^f Cigar leaf and scrap tobacco are dutiable at the general rate less 10 percent.

Source: Compiled from official statistics of the U. S. Department of Commerce.

Cuba's participation in the United States market for sugar has been considerably smaller since 1930 than it was previously (see table 10). Before 1930, Cuba customarily supplied about one-half of total United States consumption, whereas since then it has averaged only somewhat more than one-fourth of the total. This decline was due to the displacement of Cuban sugar by that obtained from insular, and (to a lesser extent) from continental sources. The sources of sugar consumed in the United States since 1907 are shown in table 10. The tonnage supplied by the insular areas increased rapidly during the period 1917-32; total continental production has increased steadily since 1907, while the amounts supplied by Cuba decreased throughout the period 1927-34.

Probably the principal reason for the increased importance of the domestic continental and insular sources of sugar prior to 1934 was the tariff, which encouraged production in these areas. Before that time, imports from Cuba were subject to high and gradually increased duties (though at preferential rates), whereas shipments into the United States from the insular areas and the Philippines, being free of duty, had the same tariff advantage as production in continental United States.^{1/} In 1934 the quota system halted the decline in the imports from Cuba, and stabilized the total supplies received from the insular areas. In the same year the duty on Cuban sugar was reduced by more than one-half.

^{1/} Imports from the Philippines in excess of the quota designated in the Philippine Independence Act, as amended in 1939, are subject to the full tariff; no dutiable imports have, however, been entered.

Table 10. - Sugar: Consumption in the United States, showing areas in which the sugar was grown - 5-year averages, 1907-31, annual 1932-39

(Refined or consumption basis)								
Yearly average or year	Cuba	United States	Continental insular areas ^{1/}	Total Cane	Beet	continental	Foreign countries other than Cuba ^{2/}	Total
<u>Quantity in 1,000 short tons</u>								
1907-11--	1,508	863	378	508	886	358	3,615	
1912-16--	2,057	1,053	237	725	962	65	4,137	
1917-21--	2,117	1,039	222	803	1,026	173	4,354	
1922-26--	3,262	1,337	171	959	1,121	74	5,804	
1927-31--	2,919	2,058	145	1,063	1,209	25	6,210	
:	:	:	:	:	:	:	:	
1932 ——	1,647	2,786	150	1,232	1,382	25	5,840	
1933 ——	1,496	2,828	294	1,277	1,571	8	5,903	
1934 ——	1,415	2,652	238	1,444	1,682	1	5,751	
1935 ——	1,836	2,531	290	1,322	1,612	2	5,981	
1936 ——	1,840	2,552	418	1,366	1,784	8	6,184	
1937 ——	2,018	2,688	464	1,159	1,623	45	6,373	
1938 ——	1,829	2,544	515	1,320	1,835	69	6,277	
1939 ——	1,571	2,609	580	1,559	2,139	6	6,326	
:	:	:	:	:	:	:	:	
<u>Percentage of total market deliveries</u>								
1907-11--	41.7	23.9	10.5	14.0	24.5	9.9	100.0	
1912-16--	49.7	25.4	5.7	17.6	23.3	1.6	100.0	
1917-21--	48.6	23.9	5.1	18.4	23.5	4.0	100.0	
1922-26--	56.2	23.0	3.0	16.5	19.5	1.3	100.0	
1927-31--	47.0	33.1	2.3	17.2	19.5	.4	100.0	
:	:	:	:	:	:	:	:	
1932 ——	28.2	47.7	2.6	21.1	23.7	.4	100.0	
1933 ——	25.4	47.9	5.0	21.6	26.6	.1	100.0	
1934 ——	24.6	46.1	4.2	25.1	29.3	3/	100.0	
1935 ——	30.7	42.3	4.9	22.1	27.0	3/	100.0	
1936 ——	29.8	41.3	6.7	22.1	28.8	.1	100.0	
1937 ——	31.7	42.2	7.2	18.2	25.4	.7	100.0	
1938 ——	29.1	40.5	8.2	21.1	29.3	1.1	100.0	
1939 ——	24.8	41.3	9.2	24.6	33.8	.1	100.0	
:	:	:	:	:	:	:	:	

^{1/} Including the Philippines.

^{2/} Imports subject to full tariff rates. Prior to 1932 includes very small quantities of sugar derived from foreign molasses and United States maple syrup.

^{3/} Less than one-tenth of 1 percent.

Source: U. S. Tariff Commission, Statistics on Sugar, March 1940, p. 27.

Sugar is a staple article of consumption and the demand for it is quite inelastic, that is, variations in price lead to only moderate changes in the quantity consumed. This is of considerable significance, for during the period of generally declining prices from 1920 to 1932 the volume of sugar consumed in the United States increased but slightly, and per capita consumption failed to increase. On the other hand, the small year-to-year variations in consumption are caused principally by fluctuations in the general purchasing power of the country. Thus, after 1929, adverse economic conditions in the United States (and in the world) operated to check or retard the consumption of sugar and to depress its price, whereas after 1932 improved purchasing power led to increased consumption despite higher prices.

Other imports. - In addition to its outstanding position as a source of sugar, Cuba is a leading supplier of United States imports of cigar leaf tobacco and manganese ore. Although the United States is itself one of the largest producers and exporters of tobacco in the world, it imports special grades or types of tobacco to supplement domestic output. The tobacco imported from Cuba consists chiefly of cigar filler; it has a characteristic aroma and commands a much higher price than United States filler tobacco. Cigar filler tobacco from Cuba, almost the exclusive foreign source, formerly was used in high-priced cigars, but since the decline in the market for such cigars, much of the Cuban leaf has been blended with domestic leaf in the manufacture of low-priced cigars. The market for Cuban cigar

filler, nevertheless, has contracted materially in recent years. In 1939, imports of cigar leaf filler from Cuba totaled 10.4 million pounds valued at 6.6 million dollars, as compared with 21.8 million pounds valued at 18.7 million dollars in 1929 (see table 9). Imports of Cuban leaf tobacco for cigar wrappers have increased, and supplement that produced in the United States and that imported chiefly from the Netherlands Indies.

Cuba is of growing importance to the United States as a source of manganese. Inasmuch as most of the United States requirements are supplied by imports, manganese has been designated a strategic material for which problems of procurement might arise in time of war. The United States obtains its imports of manganese ore from a number of sources, but principally from the Soviet Union, Cuba, the Gold Coast, and Brazil. Imports from Cuba increased greatly in quantity and value in the period 1936-39, largely because of the development of a new process, and the construction of a new plant for concentrating the Cuban ore. Manganese ore from Cuba, moreover, is free of duty, whereas that from other countries is dutiable. In 1936, imports from Cuba of manganese ore (containing 35 percent or more manganese) amounted to one-half million dollars and represented only 6 percent by value of total United States imports of that product; in 1939, after an appreciable decline from 1938, they amounted to 1.7 million dollars and were 20 percent of the total.

United States commercial policy and imports from Cuba.

Cuba's preferential tariff position. - Cuba is the only country with which the United States has a reciprocity treaty involving exclusive preferential tariff treatment. Under the treaty of commercial reciprocity in 1902, the United States granted Cuba, on all dutiable commodities, exclusive reductions of 20 percent below the rates on like products from other countries; furthermore, it agreed not to impose duties subsequently upon the products of Cuba then entering free of duty. The 20-percent preference affected chiefly sugar and tobacco, while the duty-free status of imports from Cuba of copper ore, manganese ore, coconuts, bananas, and certain other fruits, and some other products was guaranteed. A few commodities, notably manganese ore, avocados, and copper concentrates, which were bound free under the treaty, subsequently became dutiable (or taxable) ^{1/} if imported from any country other than Cuba.

Under the reciprocal trade agreement of 1934 the United States continued to accord the products of Cuba a minimum tariff preference of 20 percent; in addition, the base rates of duty on certain products were reduced, and on others the rates were reduced and the preference was materially increased.^{2/} At present, therefore, the rates on dutiable Cuban products in general are from 20 to 50 percent less

^{1/} An extensive analysis of the operation of the treaty with Cuba from 1903 to 1925 may be found in "Effects of the Cuban Reciprocity Treaty," U. S. Tariff Commission, Washington, 1929.

^{2/} For a discussion of the concessions granted by Cuba to the United States see the section "Commercial treaties and agreements."

than the lowest rates accorded the products of other countries. Moreover, under the 1934 agreement a few products of Cuba continue free of duty, whereas the same products of other countries are dutiable. The competitive position of Cuban products in United States markets is of course appreciably enhanced by the preferential tariff treatment accorded them. A comparison of the preferential and full rates of duty on the leading products imported from Cuba is included in table 9.

In part for climatic reasons and in part because the preferential tariff of the United States stimulated Cuban production of sugar and certain other dutiable products (in contrast to bananas, coffee, and other products on the general free list), Cuba has specialized in sugar and tobacco. Consequently, some 99 percent of total United States imports from Cuba are dutiable, though at reduced rates, whereas other Caribbean and Central American countries supply the United States mainly with articles which are free of duty.^{1/}

Tariff on sugar. - Although imports of sugar from Cuba have long received preferential tariff treatment, nevertheless, until the imposition in 1934 of the quota system on sugar (discussed below), the tariff was the principal restriction upon imports from Cuba.^{2/} This was because the principal competition met by Cuban sugar in the United States market after 1913 was not from the product of other foreign countries (subject to full duty), but rather from that of domestic

^{1/} For comparative statistics on the dutiable status of imports from Cuba and each of the other Latin American countries, see table 20, p. 96, in part I of this report.

^{2/} A substantial amount of sugar, representing almost 6 percent of total United States imports of sugar in 1939, is entered for further manufacture (or for use in manufactured products) and is subsequently exported with benefit of drawback, that is, 99 percent of the duty is refunded.

insular and continental areas, the products of which are not subject to duty. Furthermore, inasmuch as the rates of duty on sugar were increased in each of the tariff acts after 1913 (see table 11), the competitive position of continental and insular sugar was progressively strengthened (until 1934) as compared with Cuban sugar. Under the Tariff Act of 1930 the rate was raised for the third time in a decade and reached a level double that in the act of 1913. The higher tariff rates contributed materially to Cuba's declining participation in the United States market (see table 10).

A reversal in the upward trend of rates occurred, however, in June 1934, when, under the so-called flexible tariff provision of the act of 1930, the general rate of duty on sugar was reduced one-fourth (from 2.5 cents to 1.875 cents per pound) by Presidential proclamation following a cost-of-production investigation by the United States Tariff Commission.^{1/} In consequence, the preferential rate on Cuban sugar was reduced from 2 cents to 1.5 cents per pound. In the following September the rate on Cuban sugar was further reduced to 0.9 cent per pound under the terms of the reciprocal trade agreement with Cuba; the effect of this concession was to increase the preference on Cuban sugar from 20 percent to 52 percent, or by more than two and one-half times. Neither of the reductions in duty in 1934, however, permitted Cuba to sell increased quantities of sugar in the United States market, because on June 3, 1934, the amount of sugar which could be

^{1/} Report to the President on Sugar, U. S. Tariff Commission, Report No. 73, Second Series, 1934.

marketed in the United States was limited by a law authorizing absolute quotas. Moreover, the reduced rates in the trade agreement were to be effective only so long as the quota system was operative. For a short time in 1939, when the outbreak of the European war led to a sharp speculative rise in sugar prices, the quota restrictions were temporarily suspended, and imports of sugar from Cuba became dutiable at the preagreement rates.^{1/}

Table 11. - Sugar: Rates of duty on United States imports

Authority and date	Sugar testing 96 degrees		
	Rate on imports from Cuba	General tariff rate	Amount of Cuban preference
	Cents per pound	Percent	
Act of 1909	1.348	1.685	20
Act of 1913	1.0048	1.256	20
Act of 1921	1.6	2.0	20
Act of 1922	1.7648	2.206	20
Act of 1930	2.0	2.5	20
Sec. 336, Tariff Act of 1930, June 8, 1934 ^{1/}	1.5	1.875	20
Trade agreement, Sept. 3, 1934	.9	1.875	52
Suspension of quotas, Sept. 12, 1939	1.5	1.875	20
Supplementary trade agreement, Dec. 27, 1939	.9	1.875	52

^{1/} On the same date the Jones-Costigan Sugar Act became effective, establishing quotas limiting imports and marketings of domestic sugar in the United States.

The ad valorem equivalents of the rates of duty on imports of Cuban sugar have fluctuated widely, having ranged between 9 percent

^{1/} By the terms of the supplementary agreement with Cuba, December 1939, sugar from Cuba was again to receive the agreement rate upon announcement of restoration of the quotas. Such announcement was made on December 27, 1939, and the reduced rate on Cuban sugar again became effective.

and 193 percent in the period 1920-39. These changes, shown in table 13, reflect the combined influence of fluctuations in prices and changes in the rates of duty. Thus, the generally rising trend of ad valorem rates in the period 1923-30 was the result of the decline in sugar prices, and the unusually high ad valorem equivalents in the succeeding few years reflected the increased rate of duty in the Tariff Act of 1930, as well as the continued decline in prices. The return to lower ad valorem equivalents after 1934 resulted from the lower rates of duty instituted in that year and the increase in prices (ex duty).^{1/} Inasmuch as the quota system has largely displaced the tariff in its effect upon the domestic price of sugar, it may be appropriate to calculate the ad valorem equivalent of the difference between the price of sugar at New York (duty-paid) and the price at London (New York basis^{2/}). In 1935, the first full year under the quota, the average New York price (duty-paid) exceeded the London by 2.23 cents; this differential was equivalent to a tariff of 223 percent based on the average London price of 1.0 cent. In 1938, the latest full year under the quota system, the excess amounted to 1.80 cents, or 158 percent of the average London price of 1.14 cents.

^{1/} The equivalent ad valorem rates after 1933, shown in table 13, must be interpreted with caution, because in the period since the imposition of the quota system, the foreign value of the Cuban sugar upon which these equivalents are calculated has been considerably higher than the world price of sugar. The Cuban valuation on sugar shipped to the United States is determined by the New York price (before duty, freight, and other charges). Because the quota system has resulted in higher prices for sugar in domestic markets than in world markets, the Cuban valuation on sugar shipped to the United States has therefore been high compared with the world price, as indicated by the London market. For the period 1935-38, the ad valorem equivalent rates calculated upon London values are approximately double those shown in table 13 based upon the Cuban valuation.

^{2/} The London price adjusted for differences in transportation costs between Habana and London, and Habana and New York.

Position of Cuban sugar under the quota system. - In recent years the most important factor affecting United States imports of Cuban sugar has been the quota system, established on June 8, 1934, under the Jones-Costigan Act, which provided for absolute quotas limiting importations and the marketing of sugar. This system was renewed for 3 years in the Sugar Act of 1937,^{1/} and was subsequently extended until December 31, 1941. The Sugar Act provides that the United States Secretary of Agriculture shall determine for each calendar year the amount of sugar needed to meet the requirements of consumers in continental United States. This amount is then allocated among the various supplying areas according to the proportions established in the act. United States domestic areas (including insular possessions) were allotted 55.59 percent of estimated consumption, but not less than 3,715,000 short tons, the Philippines 15.41 percent,^{2/} Cuba 28.60

1/ The Sugar Act of 1937 also imposed an excise tax on manufactured sugar produced in the United States and an import compensating tax on manufactured sugar imported into the United States. The rate of tax is $\frac{1}{2}$ cent per pound on 96-degree sugar, and adjustments are made for sugar having a different polaroscopic test. The preferences accorded Cuban sugar in tariff duties do not apply to taxes under the Sugar Act, the taxes applying equally to all sugar regardless of source.

2/ The quota for the Philippines may not be less than the duty-free quota established in the Philippine Independence Act of 1934, amounting to 850,000 long tons (952,000 short tons), of which not more than 50,000 long tons (56,000 short tons) may be refined sugar. Annual quotas for the Philippines under the Jones-Costigan Act and the Sugar Act of 1937 have been larger than the duty-free quotas fixed in the Independence Act. Receipts from the Philippines in excess of the quotas established in the Independence Act are subject to the full United States duty. No dutiable sugar, however, has been received from the Philippines.

percent, and other foreign countries 0.40 percent. If any area is unable to fill its quota, the deficiency may be allotted among the other suppliers, except that any deficiency in the quota for the Philippines must be allotted to foreign countries other than Cuba. The final quota allocations (after reallotments) since 1934 are shown in table 12.

The general effect of the quota system upon Cuba's participation in the United States market is shown by a comparison of the proportions of United States needs supplied by Cuba before and after the initiation of the quotas in 1934 (see table 10). In general, the Cuban share under the quota has exceeded that in the few years just preceding the quota, but it has been materially smaller than before 1930. In the 5 years 1935-39, Cuba supplied about 30 percent of domestic requirements, as compared with 25 percent in 1933, and 53 percent in 1929.

Table 12. - Sugar: United States quotas (after reallotments),
for principal areas, 1934-40

Area	: 1934 :	1935 :	1936 :	1937 :	1938 :	1939 1/:	1940 2/
:							
<u>Quantity in 1,000 short tons - raw value</u>							
Domestic beet --:	1,556	1,550	1,342	1,417	1,584	1,803	1,550
Mainland cane --:	261	260	392	472	429	595	420
Insular posses- sions 3/ --:	:	:	:	:	:	:	:
Philippines --:	1,006	982	1,001	998	991	980	982
Cuba --:	1,866	1,823	2,103	2,149	1,954	1,930	1,750
Other foreign and: unallotted re- serve 4/ --:	:	:	:	:	:	:	:
Total quota --:	6,476	6,359	6,813	7,043	6,781	7,468	6,471
:							
<u>Percentage of total quota</u>							
Domestic beet --:	24.0	24.4	19.7	20.1	23.4	24.1	23.9
Mainland cane --:	4.0	4.1	5.8	6.7	6.3	8.0	6.5
Insular posses- sions 3/ --:	:	:	:	:	:	:	:
Philippines --:	15.5	15.4	14.7	14.2	14.6	13.1	15.2
Cuba --:	28.8	28.6	30.9	30.5	28.8	25.9	27.0
Other foreign and: unallotted re- serve 4/ --:	:	:	:	:	:	:	:
Total quota --:	100.0	100.0	100.0	100.0	100.0	100.0	100.0
:							

1/ Quotas for 1939 were suspended on Sept. 11, 1939. The data shown are preliminary figures for entries from offshore areas and marketings by mainland cane and beet sugar producers as reported by the Department of Agriculture.

2/ Revised quota as of Aug. 26, 1940.

3/ Hawaii, Puerto Rico, and the Virgin Islands of the United States.

4/ Mainly Latin American countries.

Source: U. S. Tariff Commission, Statistics on Sugar, March 1940, p. 29

Sugar prices and the quota system. - In addition to determining Cuba's participation in United States consumption of sugar, the quota system has had a material effect upon Cuban purchasing power, for the quota system is the principal factor influencing the price of sugar in the United States. That quantity of Cuban sugar which can be sold in the United States market receives a considerably higher price than Cuban sugar sold in other markets. Since the middle of 1934, when the quota system was first imposed, the annual average price of sugar, ex duty at New York, has been between 28 percent and 133 percent higher than the world price, as indicated by the London market (see table 13). This price premium in the United States market has been especially important to Cuba, because the price in world markets and the volume of Cuban sugar taken by these markets (other than the United States) has remained at depression levels. Prior to the inauguration of the quota system, Cuban sugar received only the world price in the United States market, since under the tariff the world price and the United States price, less the duty on Cuban sugar, were approximately equal.

Under the quota system the amount of Cuban sugar marketed in the United States not only increased somewhat, as compared with that in 1932 and 1933, but, because of increased prices (ex duty), the value of Cuban sugar sold in this country was greatly enhanced. In 1933 imports of sugar from Cuba had amounted to only 37.0 million dollars (compared with 137.6 million dollars in 1929), but by 1937 they reached 103.8 million dollars. The quantity increased much less rapidly, rising from 1.6 million short tons in 1933 to 2.1 million short tons in 1937.

Table 13. - Sugar: Wholesale price quotations in New York and London,
and average ad valorem equivalent rates of duty, annual, 1919-39

Year	Price quotations, 96-degree raw sugar				Equivalent ad valorem of duties on imports of sugar		
	New York, : London	Spread between	Duty-paid	of all degrees from -			
	: C. and F., market, :N.Y. & London	: at New	: Cuba	: Other			
	: less duty:N.Y. basis: prices 1/	: York 2/ :					countries
Cents per pound							
1919 --:	6.36 :	:	:	7.36 :	18	:	18
1920 --:	11.96 :	:	:	12.96 :	9	:	9
1921 --:	3.46 :	:	:	4.81 :	32	:	21
1922 --:	3.00 :	:	:	4.64 :	64	:	50
1923 --:	5.22 :	:	:	6.98 :	36	:	45
:	:	:	:	:	:	:	:
1924 --:	4.17 :	:	:	5.93 :	41	:	50
1925 --:	2.56 :	:	:	4.32 :	69	:	62
1926 --:	2.59 :	2.62 :	-.03	4.35 :	75	:	69
1927 --:	2.96 :	2.91 :	.05	4.72 :	62	:	69
1928 --:	2.45 :	2.49 :	-.04	4.21 :	73	:	79
:	:	:	:	:	:	:	:
1929 --:	2.00 :	1.91 :	+.09	3.76 :	94	:	111
1930 --:	1.48 :	1.36 :	+.12	3.37 :	118	:	124
1931 --:	1.34 :	1.25 :	+.09	3.34 :	152	:	185
1932 --:	.93 :	.87 :	+.06	2.93 :	193	:	179
1933 --:	1.23 :	.97 :	+.26	3.23 :	171	:	219
:	:	:	:	:	:	:	:
1934 --:	1.48 :	1.04 :	+.44	3.00 :	73	:	223
1935 --:	2.33 :	1.00 :	+.33	3.23 :	45	:	203
1936 --:	2.71 :	1.00 :	+.71	3.61 :	37	:	180
1937 --:	2.55 :	1.27 :	+.28	3.45 :	37	:	162
1938 --:	2.04 :	1.14 :	+.90	2.94 :	45	:	182
:	:	:	:	:	:	:	:
1939 --:	1.87 :	1.46 :	+.41	2.95 :	51	:	133
:	:	:	:	:	:	:	:

1/ New York price over London price +; New York under London price -.

2/ Calculated: New York price plus duty on Cuban sugar.

Source: U. S. Tariff Commission, Statistics on Sugar, March 1940, pp. 19 and 33.

NOTE: The London price (New York basis) is the London price adjusted for differences in transportation costs between Habana and London, and Habana and New York.

Tariff status of tobacco. - Other leading dutiable imports from Cuba include tobacco, pineapples, tomatoes, and rum; of these, imports of tobacco are the largest. In the trade agreement with Cuba, concluded in 1934, the duty on cigar wrapper tobacco from Cuba was reduced from \$1.82 a pound to \$1.50 a pound, and imports of cigar filler tobacco, scrap tobacco, cigars, and cigarettes were made dutiable at 50 percent of the general rates, instead of at 80 percent of those rates as theretofore. The amount of imports of tobacco and tobacco products, however, was subject to an annual absolute quota of 18 percent of the tobacco used in the manufacture of cigars in the United States in the previous year. Furthermore, the tariff concessions were conditioned upon the continuance of the United States agricultural program restricting the production of tobacco. This particular program was terminated in March 1936, and imports of tobacco and tobacco products from Cuba again became dutiable without quota restriction at the preagreement rates.

In the supplementary trade agreement with Cuba, effective December 23, 1939, the rate concessions of the 1934 agreement on cigar filler tobacco, scrap tobacco, and cigars were restored, and the preferential rate based on the concession on wrapper tobacco in the Netherlands agreement (effective February 1, 1936), already enjoyed by Cuba, was bound against increase. A tariff quota, amounting to an aggregate of 22 million pounds, limits the concession on cigar filler and scrap tobacco; imports above this amount are dutiable at the general rates less the usual 20-percent preferential. In recent years imports have been well below this quota. On the basis of the

average unit value of imports from Cuba in 1939, the ad valorem equivalent of the present reduced duty on Cuban stemmed cigar filler tobacco, the most important class, was 37.5 percent.

United States exports to Cuba.

The composition of United States exports to Cuba differs considerably from that of exports to most countries in Latin America, since food products and textiles constitute a proportionately larger part and machinery and vehicles a smaller part of the total trade. In 1939 the leading groups of exports to Cuba were textile fibers and manufactures, representing 20 percent of the total; vegetable food products and beverages, 18 percent; machinery and vehicles, 12 percent; and metals and manufactures, 11 percent (see table 14).^{1/} The leading individual exports to Cuba, shown in table 15, are lard, rice, flour, cotton cloth, rayon piece goods, crude petroleum, and passenger cars. The share of certain consumers' goods, particularly foodstuffs and textiles, in United States sales to Cuba is larger as compared with other Latin American countries. This is a reflection chiefly of the high degree of specialization by Cuba in the production of its leading crops, sugar and tobacco, and of the tariff preferences accorded United States products in that country.

The Cuban market for United States products over the last decade has been influenced primarily by the amount of Cuban purchasing power, which is determined by the activity of the country's sugar industry and the value of its exports to the United States and other principal markets. Following 1929, most of the United States exports to Cuba

^{1/} For comparison with the similar ratios for exports to Latin America as a whole, see table 16, p. 87, of part I of this report.

declined drastically, but after 1933, with the improved prices for sugar in the United States market, United States sales to Cuba recovered considerably. Although exports of many products in recent years remained far below those in 1929, a few have increased materially and have even exceeded exports in 1929 (see table 15). Among these are rice, tin plate, steel bars, glass containers, raw cotton, cotton yarn, rayon yarn, rayon piece goods, cotton bags, radio sets, and electric refrigerators. The decreased exports of cotton fabrics to Cuba, the largest foreign market for United States cotton manufactures, and the great increase in exports of raw cotton and of cotton yarns, reflect the development of the Cuban cotton textile industry. The larger exports of radios and electric refrigerators are an indication of the widening of the market for relatively new products in commerce. The greatly increased exports of rice are attributable principally to the substantial tariff preference accorded this United States product in the Cuban market in recent years.

Table 14. - United States exports (domestic merchandise) to Cuba,
by groups of commodities, in 1938 and 1939

(In thousands of dollars)	1938	1939 1/
Groups of commodities		
Animals and animal products, edible, total	5,824	4,999
Hams and shoulders, cured	468	418
Lard, including neutral	3,976	3,814
Animals and animal products, inedible, total	2,047	2,293
Upper leather	1,026	1,052
Leather boots and shoes	416	510
Vegetable food products and beverages, total	14,456	14,458
Milled rice	5,296	6,125
Wheat flour	4,946	3,937
White potatoes	564	566
Vegetable products, inedible, except fibers and wood, total	2,451	3,150
Automotive tires (casings)	904	1,002
Textile fibers and manufactures, total	12,570	16,301
Raw cotton	517	1,019
Cotton yarn	715	1,027
Cotton cloth, duck and tire fabric	4,813	6,167
Cotton and jute bags	1,080	1,433
Rayon yarn and woven piece goods	2,907	3,514
Wood and paper, total	4,440	4,410
Boards, planks, and scantlings, Southern pine	1,215	1,066
Box board and other paper board	406	483
Nonmetallic minerals, total	8,402	7,653
Bituminous coal	1,496	1,294
Crude petroleum	1,360	1,502
Gasoline and other petroleum motor fuel	1,772	1,333
Glass containers	739	762
Metals and manufactures, except machinery and vehicles, total	7,129	9,101
Iron and steel bars, rods and plates	535	800
Tin plate, terneplate, and taggers' tin	1,015	1,173
Tubular products and fittings	640	868
Wire and manufactures	679	975
Other metals and manufactures	4,260	5,285
Machinery and vehicles, total	11,312	10,033
Electrical machinery and apparatus	2,123	2,135
Industrial machinery	3,145	3,207
Agricultural machinery and implements	315	381
Automobiles, parts and accessories	3,970	2,896
Other machinery and vehicles	1,759	1,714
Chemicals and related products, total	3,892	4,994
Medicinal and pharmaceutical preparations	1,415	1,595
Pigments, paints and varnishes	378	459
Fertilizers and fertilizer materials	330	689
Miscellaneous	3,155	3,438
Total exports	75,678	80,830

1/ Preliminary.

Balance of payments between the United States and Cuba.

Inasmuch as approximately four-fifths of all Cuban foreign financial transactions are with the United States, statistics of the balance of payments between the United States and Cuba (see table 16) hold special interest for both countries, but particularly Cuba. A noteworthy feature of the balance of payments between the two countries is the large excess of United States imports from Cuba over exports thereto. Since 1928 this import trade balance has ranged between 79 million dollars (1929) and 23 million dollars (1939); among the Latin American countries it has customarily been exceeded only by the import trade balance which the United States has with Brazil.^{1/} The second largest payment to Cuba, among the accounts shown in table 16, is the expenditures of United States travelers in Cuba; such expenditures amounted to approximately 15 million dollars in 1938, and exceeded those to any other country in Latin America except Mexico, which accounts for about two-thirds of total United States travelers' expenditures in the Latin American area.

Partially offsetting the large net payments to Cuba on merchandise and travel accounts are the sums received by the United States in the form of interest, bond-redemption and sinking-fund receipts from Cuban dollar bonds held in the United States. These holdings are estimated to have amounted to 68 million dollars (par value) at the end of 1938, and were the fifth largest for any Latin American country.^{2/} Receipts on Cuban dollar bonds have remained sizable

^{1/} See Brazil, Section 3, p. 76, Part II, of this report.

^{2/} U. S. Department of Commerce, The Balance of International Payments of the United States in 1938, Appendix D, p. 90, 1939.

throughout most of the period 1929-38, and reflect the continued payment of interest.^{1/} Sinking-fund payments, however, are in arrears on most of the issues.

The gold and silver account shows that the United States has exported to Cuba increasingly large amounts of silver since 1932. This is of special interest, for Cuba is the only country in Latin America to which the United States exports silver; many of the countries are large sources rather than markets for that product. Exports of silver to Cuba in large part represent shipments of Cuban currency which has been coined here from silver purchases in the United States. The recent increase in shipments of silver has resulted from the initiation in 1933 of an extensive silver coinage program, designed among other things to increase the circulation of Cuban currency. In 1935 nearly one-half of the stock of circulating currency in Cuba consisted of United States money, which is legal tender in Cuba.^{2/}

The principal item offsetting the net debit balance arising from the merchandise and travel accounts, namely, the return on United States direct investments in Cuba, is not shown in table 16 as a credit item because the statistics are not available, but it unquestionably is of considerable magnitude. United States direct investments in Cuba, which had an estimated value of 666 million dollars at the end of 1936, were considerably larger than those in

^{1/} Interest has continued to be paid on all but one of the issues, and this issue was replaced in 1938 and interest has since been paid in full.

^{2/} U. S. Department of Commerce, Handbook of Foreign Currencies, 1936, p. 58.

any other country in Latin America, and represented 24 percent of the total United States direct investments in that area.^{1/} Moreover, they were the second largest foreign United States investments in the world. Investments in sugar plantations and sugar mills accounted for two-fifths of the total value, but ranked second to public utilities and transportation which represented nearly one-half of the total. Prior to the depression, the value of the investments, particularly in the sugar industry, was far greater than in recent years.

While the income from direct investments in Cuba is not shown in the table, it should be understood that a substantial part of the shipments of Cuban sugar to the United States is the product of United States-owned enterprise,^{2/} the value of which consists, in part, of the return on a considerable, though not principal, portion of United States investments in Cuba. The transfer of income in this manner does not, of course, involve a financial transfer such as arises when income from investments in public utilities or transportation is to be transferred from Cuba to the United States. In such instances, where no merchandise export arises, the transfer is made by purchasing United States exchange with Cuban funds.

Other items for which statistics are not available include the investment of new United States capital in Cuba, and the net movement of banking funds and security transactions. It appears, therefore,

^{1/} U. S. Department of Commerce, American Direct Investments in Foreign Countries - 1936, table 4, p. 12, 1938.

^{2/} Only a part of the revenue of such shipments represents income on investment, because out of these revenues must be paid the operating expenses of the company in Cuba.

that the net debit balance shown in the last item of table 16 may differ materially from the actual net balance of financial transactions between the United States and Cuba. The actual net debit balance is probably considerably smaller than that shown in table 16.

Table 16. - Partial balance of payments between the United States and Cuba, 1929-38

Note: Net credit balances for the United States are indicated by +; net debit balances by -.

(In millions of dollars)

	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938
Trade and service items:										
Merchandise exports to Cuba ^{1/}	+128.9	+93.6	+47.0	+28.8	+25.1	+45.3	+60.1	+67.4	+92.3	+76.3
Merchandise imports from Cuba ^{1/}	-207.4	-121.9	-90.1	-58.3	-58.5	-78.9	-104.3	-127.5	-168.0	+105.8
Excess of merchandise imports from Cuba	-78.5	-28.3	-43.1	-29.5	-33.4	-33.6	-44.2	-60.1	-55.7	-29.5
Receipts from Cuba for shipping services ^{2/}	7.2	4.4	3.1	2.0	1.1	1.6	2.1	2.4	3.4	2.8
Expenditures of Cuban travelers in United States ^{2/}	5.1	4.4	3.1	1.9	2.2	2.7	2.6	3.7	3.9	4.8
Expenditures of United States travelers in Cuba ^{2/}	17.5	18.8	16.5	10.8	6.5	4.5	5.3	12.9	15.0	15.0
Interest receipts from Cuba	6.2	6.2	6.7	5.7	5.4	2.4	2.3	2.2	1.9	3/2.7
Net receipts from (+) or payments to (-) Cuba for services ^{4/}	+1.0	-3.8	-3.6	-1.2	+2.2	+2.2	+1.7	-4.6	-5.8	-4.7
Net payments to Cuba on trade and service account ^{4/}	-77.5	-32.1	-46.7	-30.7	-31.2	-31.4	-42.5	-64.7	-61.5	-36.2
Gold and silver:										
Net gold imports from Cuba ^{5/}	-1.1	-1.9	-5.9	-1.5	-3.3	-5	-5.9	-6	-6	-2
Net silver imports from (-) or exports to (+) Cuba ^{5/}	-1.1	-	-5.6	+6	+1.7	+3.8	+5.6	+9.0	+7.5	+6.3
Net gold and silver imports from (-) or exports to (+) Cuba	-2.2	-1.9	-6.5	-9	+1.4	+3.3	+4.7	+8.4	+6.9	+4.1
Capital items:										
Bond-redemption and sinking-fund receipts from Cuba ^{6/}	+6.4	+10.8	+14.5	+5.5	+1.2	+1.7	+5.3	+2.6	+1.9	
Reported net exports (+) or imports (-) of paper currency	-5.5	-5.8	-29.1	-14.2	+3.3	-	-7.1	-5.6	+1.2	-4.3
Total reported capital movements	+0.6	-18.3	+3.3	+8.8	+1.2	-5.4	-2.3	+3.8	-2.4	
Net balance on items shown ^{7/}	-83.2	-33.4	-71.5	-31.3	-21.0	-26.9	-43.2	-58.6	-50.8	-32.5

^{1/} United States statistics, unadjusted.

^{2/} Rough estimates.

^{3/} Allowance made for repurchases of Cuban dollar bonds by foreigners.

^{4/} Excluding return on United States direct investments in Cuba.

^{5/} Nominal values; billion values would be smaller.

^{6/} Bond-redemption receipts adjusted for repurchases by foreigners in all years; sinking-fund receipts in 1938 only.

^{7/} Exclusive of return on direct investments (receipts) and new investments (payments) in Cuba.

Source: Especially prepared for this report by the Finance Division, Bureau of Foreign and Domestic Commerce, U. S. Department of Commerce.

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